

Government That Works!

NEW JERSEY DEPARTMENT OF THE TREASURY

LOCAL GOVERNMENT BUDGET REVIEW

EGG HARBOR TOWNSHIP BOARD OF EDUCATION

CHRISTINE TODD WHITMAN
Governor

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AUGUST, 2000



GOVERNMENT THAT WORKS

OPPORTUNITIES FOR CHANGE

The Report of the Egg Harbor Township Board Of Education

New Jerseyans deserve the best government their tax dollars can provide. Governor Whitman is committed to making state government leaner, smarter and more responsive by bringing a common sense approach to the way government does business. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board. Government, on all levels, must stop thinking that money is the solution to their problems and start examining how they spend the money they now have. It is time for government to do something different.

Of major concern is the rising cost of local government. There is no doubt that local government costs, and the property taxes that pay for them, have been rising steadily over the past decade. Prior to Governor Whitman's taking office in 1994, the State had never worked as closely with towns to examine what is behind those costs. That is why she created the Local Government Budget Review (LGBR) program. Its mission is simple: to help local governments and school boards find savings and efficiencies without compromising the delivery of services to the public.

The LGBR utilizes an innovative approach combining the expertise of professionals, primarily from the Departments of Treasury, Community Affairs and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a comprehensive management review and consulting service at no local expense. To find those "cost drivers" in local government, teams review all aspects of local government operation, looking for ways to improve efficiency and reduce costs.

In addition, teams will also document those State regulations and mandates which place burdens on local governments without value-added benefits and suggest, on behalf of local officials, which ones should be modified or eliminated. Teams also look for "best practices" and innovative ideas that deserve recognition and that other communities may want to emulate.

Based upon the dramatic success of the program and the number of requests for review services, Governor Whitman has ordered two expansions of the program in an effort to reach more communities and school districts. The second expansion will further increase program staff by nearly forty percent. The ultimate goal is to provide assistance to local government that results in meaningful property tax relief to the citizens of New Jersey.

THE REVIEW PROCESS

In order for a community or school district to participate in the Local Government Budget Review (LGBR) program, a majority of the elected officials must request the help of the review team through a public resolution. There is a practical reason for this: to participate, the governing body must agree to make all personnel and records available to the review team, and to agree to an open public presentation of the review team's findings and recommendations.

As part of the review of the Egg Harbor Township School District, review team members interviewed board of education members, administrators, district employees, teachers, parents, students, association officers, county education personnel, and community members. The review team received cooperation and assistance from the educational community and the community at large. It was most enjoyable working with the people of Egg Harbor Township.

The team reviewed a variety of documents including, but not limited to, the following: budget statements, audit reports, annual financial statements (CAFR), collective bargaining agreements, various State reports, payroll records, personnel contracts and files, vendor and account analyses, board policies, meeting agendas and minutes, and a variety of other pertinent documents. Members of the review team visited all of the district facilities. Board of education meetings and other district meetings were observed during the course of the visit.

Where possible, the potential financial impact of an issue or recommendation is provided in this report. The recommendations do not all have a direct or immediate impact on the budget or the tax rate. In particular, the productivity enhancement values identified in this report do not necessarily reflect actual cash dollars to the municipality but, do represent the cost of the entity's current operations and an opportunity to define the value of improving upon such operations. The estimates have been developed in an effort to provide the entity an indication of the potential magnitude of each issue and savings, productivity enhancement, or cost to the community. We recognize that all of these recommendations cannot be accomplished immediately and that some of the savings will occur only the first year. Some of these suggestions will require negotiations through the collective bargaining process. We believe that these estimates are conservative and achievable.

In addition to the Findings and Recommendation section, this report contains a section entitled Best Practices. Best Practices notes areas in which the district does well and that might be replicated by other school districts to save money.

**LOCAL GOVERNMENT BUDGET REVIEW
EXECUTIVE SUMMARY
EGG HARBOR BOARD OF EDUCATION**

Administration

The district should consider seeking bids for toll and long distance telephone service for a savings of approximately \$8,553. The district could also save an additional \$24,000 by using the state's cost per copy contract.

Instruction

The team recommends the district combine very small class sizes in the ESL program to reduce the number of classes district-wide, which could save the district \$16,905 by eliminating one part-time position.

The team recommends the district closely review both staffing and class sizes in its special education program. The district could save approximately \$65,500 by not filling five aide positions in this program.

The district should consider registering in the state's SEMI program and is also encouraged to participate in the new EPSDT revenue initiative, for a potential savings of \$23,671.

The team recommends the district assign responsibility for the audio-visual equipment to the librarians, for a savings of \$7,000.

The team also recommends the district consider adjusting the work hours of one of the nurses to include the Alternative School each day, for a savings of \$11,000.

The district should consider eliminating the behind-the-wheel component of its driver education instruction, for a cost savings of \$44,000.

By using in-house printing and eliminating advertising for the adult evening school, the district could save approximately \$3,553. **OR** The district should review the adult education program offerings and determine cost effectiveness. If the program continues to run at a deficit, the team recommends that the program be eliminated, for a savings of \$8,500.

Technology

Upon completion of the current technology initiative, the district should consider performing a salary survey and outsource complicated network functions, and hiring interns, for a savings of \$20,000 - \$75,000.

Business Office Operation

The district should consider providing on-going computer program courses for staff members at an expense of \$3,000. The district should also consider using a professional review service or a consulting firm to update the policy manual. At the time of this writing, the district did employ a firm at an expense of \$14,000.

By competitively bidding for the purchase of electricity and energy-related services, and natural gas, the district could save approximately \$19,000.

The district should consider selling the two oldest schools for a one-time revenue enhancement of \$200,000.

Facilities & Operations

By implementing a computerized work order process for planning and scheduling, the district could save approximately \$23,000, by reducing overtime expenses for custodians and reducing material costs by 10%.

Transportation

The team recommends the district create an assistant foreman position to assume the foreman's responsibilities in his absence, at an expense of \$1,600.

It is also recommended that the district consider installing an automated fuel system, for a one-time expense of \$30,000. This item would create an annual productivity enhancement of \$10,202.

Food Service

By raising the a la carte priced meal by 30 cents, the district could save approximately \$37,900. The team also recommends the district consider privatizing its entire food service operation, for a savings of \$178,662.

Collective Bargaining Issues

Central Office Administration

It is recommended that the board negotiate to eliminate reimbursing administrators for pension payments, for a potential savings of \$8,072. It is also recommended the board negotiate to cap the amount of payment for unused sick leave, for a potential savings of \$11,330.

Principals' and Supervisors' Association

It is recommended the board negotiate to cap the amount of payment for unused sick leave, for a potential savings of \$41,145.

Support Staff Service Personnel

By eliminating longevity, compensation for a black seal license, and overtime benefits for any personnel who work less than an 8-hour workday, the board could yield a potential savings of \$83,770.

EHT Education Association

It is recommended the board negotiate to cap the amount of payment for unused sick leave, for a potential savings of \$20,876.

Dental and Prescription Insurance

By renegotiating co-pays in their health, dental, and prescription insurance premiums, the board could yield a potential savings of \$506,237.

<u>Areas Involving Monetary Recommendations</u>	<u>One-time Savings/</u> <u>Expense</u>	<u>Annual Savings/</u> <u>Expense</u>	<u>*Potential</u> <u>Savings</u>	<u>Totals</u>
Administration				
Seek bids for toll and long distance telephone service		\$8,553		
Use the state's cost per copy contract		\$24,000		
				\$32,553
Instruction				
Combine classes to eliminate one part-time position		\$16,905		
Do not hire five aide positions for special education program		\$65,500		
Register in SEMI program and participate in EPSDT			\$23,671	
Assign audio-visual equipment responsibility to librarians		\$7,000		
Adjust work hours for one of the nurses		\$11,000		
Eliminate the behind-the-wheel component in driver education		\$44,000		
Use in-house printing and eliminate advertising OR		\$3,553		
Eliminate adult education program		\$8,500		
				\$156,458
Technology				
Perform a salary survey and outsource complicated network functions		\$20,000		
				\$20,000
Business Office Operation				
Provide on-going computer program courses for staff		(\$3,000)		
Use professional review service to update policy manual	(\$14,000)			
Competitively bid to purchase electricity & energy-related services		\$11,000		
Competitively bid to purchase natural gas		\$8,000		
Sell the two oldest schools	\$200,000			
				\$202,000
Facilities & Operations				

Implement computerized work order process	\$23,000		\$23,000
Transportation			
Create assistant foreman's position	(\$1,600)		
Install automated fueling system	(\$30,000)		
Productivity enhancement from installation	\$10,202		(\$21,398)
Food Service			
Raise price of a la carte meal by 30 cents	\$37,900		
Privatize entire food service operation	\$178,662		\$216,562
Collective Bargaining Issues			
<i>Central Office Administration</i>			
Eliminate reimbursement to administrators for pension payments		\$8,072	
Cap amount of payment for unused sick leave		\$11,330	
<i>Principals' and Supervisors' Association</i>			
Cap amount of payment for unused sick leave		\$41,145	
<i>Support Staff Service Personnel</i>			
Eliminate overtime benefit for personnel who work less than 8 hours		\$48,032	
Eliminate longevity for cafeteria employees, as well as other staff		\$31,370	
Eliminate additional compensation for black seal license		\$4,368	
<i>EHT Education Association</i>			
Cap amount of payment for unused sick leave		\$20,876	
<i>Dental & Prescription Insurance</i>			

Negotiate co-pay of 20% in health insurance program	\$221,000
Negotiate co-pay of 50% in dental insurance premium	\$209,000
Negotiate co-pay of 20% in prescription insurance premium	\$76,237

Total Recommended Savings	\$156,000	\$473,175	\$695,101	\$629,175
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*\$695,101 not included in savings of \$629,175.

Total Amount Raised for School Tax	\$20,410,282
Savings as a % of School Tax	3%

Total Budget	\$43,624,109
Savings as a % of Budget	1%

Total State Aid	\$23,747,132
Savings as a % of State Aid	3%

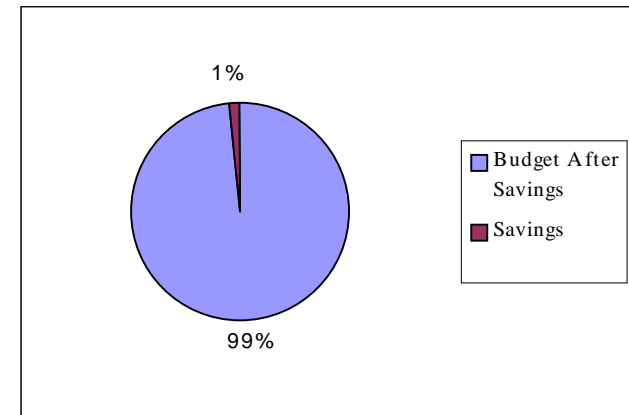
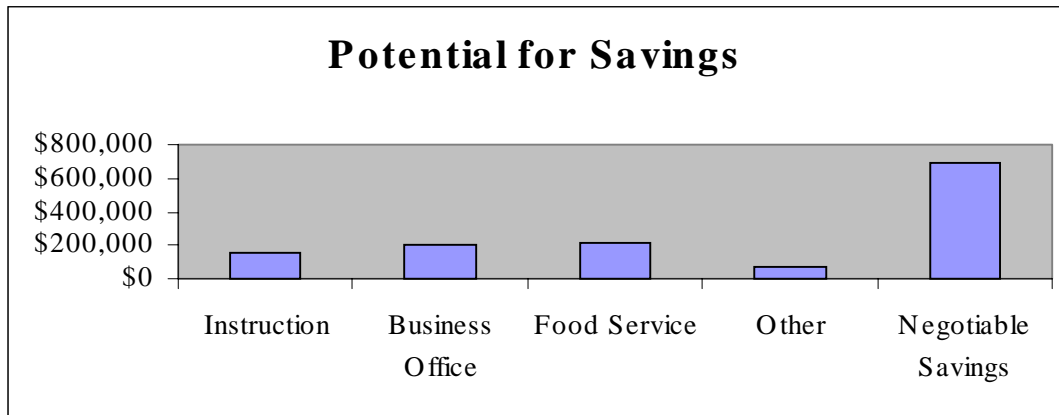


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COMMUNITY OVERVIEW

Egg Harbor Township is located in the geographical center of Atlantic County, about eight miles west of Atlantic City. Two major highways cross the township: the Garden State Parkway (north to south) and the Atlantic City Expressway (east to west). Egg Harbor Township encompasses a 68 square mile area, which is divided into two parts by the towns of Somers Point, Linwood, Northfield, and Pleasantville. Egg Harbor Township is comprised of nine local communities: English Creek, Scullville, Steelmanville, Bargaintown, McKee City, Cardiff and Farmington west of “the divide”, and West Atlantic City and Seaview Harbor to the east.

Egg Harbor Township is a growing community. According to US census figures, in 1980 the population was 19,381, and in 1990 it grew to 24,544. Township records estimated the population for 1998 at 27,128. Growth and development in the township are expected to continue, primarily as a result of continued growth of the casino gaming industry in nearby Atlantic City. In order to limit growth in the Pinelands Region of the state and to protect natural resources and water supplies, the state has designated a large portion of Egg Harbor Township as a high growth region.

According to the 1990 census data, population density of the township was 364.87 persons per square mile. The racial composition at that time was 85% White, 9% Black, 3% Hispanic Origin, 2% Asian/Pacific Islander, .18% American Indian, and 1% other. Also, according to the 1990 census, 74% of the population was over the age of 18, with the median age being 32.8 years, and approximately 9% of the population were college graduates.

The 1990 census reports that the median family income in Egg Harbor Township was \$42,113, the per capita income was \$15,863 and 1,120 persons were living in poverty. The median value of a single family home was \$105,200. Assessed valuations totaled 62.22% for residential and .64% for apartments.

Egg Harbor Township is governed by a mayor and town council and is designated as a Type II school district (with an elected board of education).

The Egg Harbor Township School District is a K-12 district, comprised of a total of six schools: three elementary (K-3), one intermediate (grades 4, 5 and some 6), one middle (grades 6, 7, and 8), and one high school (grades 9 through 12). According to the district’s 1998-99 Application for State School Aid (ASSA), the total resident enrollment for the district was 4,996 students, with 753 students, or 15% receiving special education services.

The following table depicts the township’s grade configurations and school enrollments, as realigned effective with the 1998-99 school year to implement smaller class sizes:

School	Grade Organization	10-30-98 Enrollment
H. Russell Swift	K-3	376
E. H. Slaybaugh	K-3	787
C. J. Davenport	K-3	620
Egg Harbor Twp. Intermediate	4, 5 and 6	1,027
Egg Harbor Twp. Middle	6, 7, and 8	969
Egg Harbor Twp. High	9-12	1,360
Total		5,139

The average class size in the elementary schools is 20; in the intermediate school is 25; in the middle school is 26; and in the high school is 20.

As per the Comprehensive Annual Financial Report (CAFR) of June, 1998, the Egg Harbor Township School District employs a total of 664 employees, of whom 416 are certificated and 248 are non-certificated staff members.

The New Jersey Department of Education (DOE) assigns each district to a District Factor Group (DFG), which is an indicator of the socioeconomic status of residents in the district, and a useful tool for comparing school districts across the state. Factors included in the DFG are income, educational attainment of adults, poverty level, and occupations. DFG's range from A, the lowest indicator, to J, the highest. Egg Harbor Township is in District Factor Group CD, a low to moderate grouping.

I. BEST PRACTICES

An important part of the Local Government Budget Review (LGBR) report is the Best Practices Section, which recognizes areas in which the district has attained specific financial savings. During the course of every review, each review team identifies procedures, programs, and practices that are noteworthy and deserving of recognition. Best practices are presented to encourage replication in other districts throughout the state. By implementing these or similar practices, school districts can benefit from the Local Government Budget Review process and possibly realize considerable savings or improve their own operations.

The prime purpose of the report is to make recommendations for additional cost savings measures. However, the team would be remiss if it did not recognize efforts and practices that the school district already has in place to improve operational efficiency. The areas discussed in this section of the report could assist other districts to model these practices. The Egg Harbor Township School District makes a conscientious effort to pursue cost saving initiatives and does many things very well. A number of practices deserve recognition. The team believes that the board and staff should be commended for their efforts.

Just as the review team is not able to identify every area of potential savings, the team cannot cite every area of effective effort. Following are those best practices recognized by the team for their accomplishments, cost effectiveness, and possible replication.

Eagle Enterprises

Eagle Enterprises is an innovative program for special education students in grades 9 through 12. The program involves students working in the Eagle's Nest School Store, the Bagel Shop, the Eagle Greenery, and attending related classes. Through their involvement in this school-to-work approach, students are gaining experience in entry-level retail sales. Students perform tasks that include cash register operations, customer service, inventory control, receipts, deposits, and plant and floral care.

A noteworthy project, that the students have been undertaking each summer, has been the building of custom-made entrepreneurial carts for neighboring school districts. The cart is supplied with equipment (coffee maker, toaster, etc.) and other supplies to operate a stand-alone, portable retail business. The cart is used for the sale of bagels, coffee, flowers and school supplies.

This program has received the support of several industries through its partnership with the local Job Training Partnership Act (JTPA) office. The profits fund field trips, new equipment, and the purchase of US Savings Bonds, which are presented to participants at an end-of-year awards ceremony.

Eagle Enterprises was awarded Best Practice recognition from the New Jersey State Department of Education for this model program in the 1995-96 school year. Also, the program was given the New Jersey Administrators' Association School/Business Partnership Award in 1995.

Egg Harbor Township Education Foundation

The Egg Harbor Township Education Foundation was incorporated in 1984. A board of trustees consisting of thirty-five parents, residents, educators and community leaders administers the foundation. Through tax-deductible contributions, memorials or gifts, the foundation is able to provide scholarships and special projects for the students of Egg Harbor Township.

Scholarships are awarded to graduating Egg Harbor Township High School seniors, who have exhibited a high level of academic achievement and community service. Each scholarship is \$2,000. The number of students receiving the scholarships is based upon the amount of revenues contributed each year. In 1998, seven students were awarded scholarships; in 1999 six students were awarded scholarships.

The foundation also awards annual mini-grants to educators and support staff who plan and implement innovative educational programs for the students of Egg Harbor Township. The grants are \$500 per staff member. In the 1998-99 school year, 10 mini-grants were awarded for programs that will be implemented during the year.

The foundation sponsors an annual career fair for students from high schools throughout Atlantic and Cape May Counties. The students meet with local businesses, trades, armed services and technical schools to discuss job opportunities and careers.

The sources of revenues to fund the foundation's programs are from an annual golf tournament, a dinner theater program, contributions made to private and memorial scholarship funds, and employee donations. Employee donations are made through a payroll deduction plan. The scholarship funds are invested in money market funds for high interest gains. As of April, 1999, the funds totaled approximately \$99,000. Each year the board of trustees votes upon the number of scholarships and mini-grants to award.

Since its inception, the foundation awarded \$41,000 in scholarships to graduating seniors, provided \$13,500 in staff mini grants for innovative educational projects, and sponsored annual career fairs.

The Egg Harbor Township Foundation is meeting its goals in promoting excellence in education for all students and creating a bond between the community and its schools. The foundation is recognized for its efforts and is commended for its contributions to the district.

Latchkey Program-KIDSCLUB

The Egg Harbor School District instituted a latchkey program approximately eleven years ago. The program is available to all students in grades K-6. Most recently, the district entitled the program KidsClub.

The program consists of a morning program held from 7:30 a.m. until classes begin. The afternoon program begins at the close of school until 6:00 p.m. The program is based in Slaybaugh and Davenport Elementary schools and the Intermediate School. Students from Swift Elementary School are bused to the nearby Slaybaugh School. The sixth graders attending the

Middle School are bused to the Intermediate School. Plans for the 1999-00 school year include opening an additional program at the Swift School, eliminating busing students to a program in another school.

The review of the financial records of the program indicated, that according to the Generally Accepted Accounting Principals (GAAP), the Latchkey Program operations are appropriately recorded in the enterprise fund. The enterprise fund is an account that is similar to a private business enterprise, which is designed and capable of being operated at a profit and allows reserves to be accumulated.

According to the CAFR's for the years ending June, 1996, June, 1997, and June, 1998, the financial records are as follows:

Latch Key Program	1997-98	1996-97	1995-96
Expenses			
Salaries	57,711	55,350	49,704
Supplies	11,941	12,946	12,063
Total Expenses	69,652	68,296	61,767
Net Income	10,048	7,288	12,024
Retained Earnings, July 1	21,299	14,011	1,987
Retained Earnings, June 30	31,347	21,299	14,011

Financially, the program has been a profitable one. The past three years of operation have resulted in retained earnings of \$31,347.

A \$5 registration fee is charged per child. An hourly rate of \$2 is charged for those parents who earn \$350 or less per week. A \$3 hourly rate is charged for those who earn \$351 or more per week. If two or more children from the same family attend, a \$1 per hour discount is given. The program employs certified teachers and aides. Some of the aides are high school students. The program provides help with homework, recreational activities and creative arts. Snacks are provided in both the morning and afternoon sessions.

Attendance records indicate that the before-school average enrollments for the 1995-96, 1996-97 and 1997-98 school years were 53, 55, and 55, respectively. After-school average enrollments for these years were 83, 88, 99. The number of students has increased. Two teachers directed the program. They were paid an hourly rate of \$21. In the 1997-98 school year, they earned a total of \$16,033.50. The district employed a community education coordinator on July 1, 1999 to run the Latchkey Program as well as the Adult Evening School. She is employed on a 12-month contract, with benefits, at an annual salary of \$32,000. A portion of her salary will be charged to the Latchkey Program and a portion to the Adult Evening School. Plans to expand the program include a summer program as well as Saturday activities for children.

This program is servicing the needs of the community by providing an affordable service to parents and providing a beneficial program for the students by using the program time for quality activities.

Teacher Mentor Program

The Egg Harbor Township School District operates a Teacher Mentor Program to provide support services to high school students who are having interpersonal and/or school-related difficulties. This program is under the direction of a teacher mentor coordinator, the Student Assistance Coordinator (SAC) and the district's core team, consisting of a committee of professional staff members.

Over 70 volunteer teachers and over 80 students participate in this program. Students are referred to this program by the core team and are matched up with a teacher, with whom they meet on a regular basis outside the student's academic program. The student's difficulties are discussed and the teacher provides emotional support and encouragement. The mentoring discussions include issues such as self-esteem, motivation, and goal setting. The mentor develops, with the student, an action plan focused on activities directed towards achieving personal, career and educational goals. The district reported that this program has been successful for the majority of students involved and the teachers who are mentors have been enthusiastic about the program. Plans are to expand the program into the middle school.

The district and staff is to be commended for this program. It provides a safe and caring environment for students.

II. OPPORTUNITIES FOR CHANGE/FINDINGS AND RECOMMENDATIONS

The purpose of this section of the review report is to identify opportunities for change and to make recommendations that will result in more efficient operations and financial savings to the school district and its taxpayers.

In its study, the review team found that the district has made an effort to control costs and to explore areas of cost saving efficiencies in its operations. Several of these cost savings are identified in the Best Practices Section of this report. The district is to be commended for its efforts. The review team did find areas where additional savings could be generated and has made recommendations for change that will result in reduced costs or increased revenue.

Where possible, a dollar value has been assigned to each recommendation to provide a measure of importance or magnitude to illustrate cost savings. The time it will take to implement each savings recommendation will depend on its priority. Nevertheless, the total savings and revenue enhancements should be viewed as attainable goals. The team realizes that some of the recommendations will be subject to collective bargaining and may not be implemented until the next round of negotiations. The total savings will lead to a reduction in tax rates resulting from improvements in budgeting, cash management, cost control, and revenue enhancement.

In some cases, recommendations may result in increased costs. When this occurs, these costs will be identified and included in the total savings calculations.

COMPARATIVE ANALYSES

Many of the recommendations contained in this report are based upon comparative analyses using New Jersey Department of Education (DOE) data in comparison with districts of similar size and demographics (socio-economic district factor groups – DFG). The comparative data used in this report was compiled in school year 1997-98, which was current at the time of the review. Other data sources are obtained from district documents, various state agencies, state education associations, publications and private industry. School districts used for comparison with Egg Harbor Township include Monroe Township, Lacey Township and Deptford Township. The following table (Table 1) illustrates data that compares revenue sources based upon the district's Comprehensive Annual Financial Report (CAFR):

Table 1
Comparison of Revenues based on Audit Report as of June 30, 1998

<i>Revenues</i>	<u>Egg Harbor</u>		<u>Monroe</u>		<u>Lacey</u>		<u>Deptford</u>	
General Fund								
Local Tax Levy	\$17,268,388	37.7%	\$12,063,966	33.1%	\$15,458,558	42.1%	\$14,357,208	45.2%
State Aid*	\$21,716,921	47.4%	\$19,292,726	53.0%	\$16,221,121	44.2%	\$14,213,314	44.7%
Federal Aid	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Tuition	\$81,719	0.2%	\$117,919	0.3%	\$29,863	0.1%	\$505,925	1.6%
Miscellaneous	\$592,871	1.3%	\$301,346	0.8%	\$157,016	0.4%	\$574,688	1.8%
Total General Fund	\$39,659,899	86.6%	\$31,775,957	87.3%	\$31,866,558	86.8%	\$29,651,135	93.3%
Special Revenue Fund								
State Aid	\$1,084,287	2.4%	\$1,200,594	3.3%	\$605,595	1.6%	\$869,521	2.7%
Federal Aid	\$929,884	2.0%	\$888,912	2.4%	\$576,311	1.6%	\$884,013	2.8%
Other	\$22,077	0.0%	\$545	0.0%	\$0	0.0%	\$0	0.0%
Total Revenue Fund	\$2,036,248	4.4%	\$2,090,051	5.7%	\$1,181,906	3.2%	\$1,753,534	5.5%
Debt Service Fund								
Local Tax Levy	\$3,141,894	6.9%	\$1,709,215	4.7%	\$2,400,739	6.5%	\$306,641	1.0%
State Aid	\$945,924	2.1%	\$767,140	2.1%	\$775,876	2.1%	\$77,980	0.2%
Other	\$5,289		\$0	0.0%	\$492,609	1.3%	\$0	0.0%
Total Debt Serv. Fund	\$4,093,107	8.9%	\$2,476,355	6.8%	\$3,669,224	10.0%	\$384,621	1.2%
Capital Projects								
Other	\$0	0.0%	\$66,159	0.2%	\$0	0.0%	\$0	0.0%
Total Capital Projects	\$0	0.0%	\$66,159	0.2%	\$0	0.0%	\$0	0.0%
Total Revenues (All Funds)	\$45,789,254	100%	\$36,408,522	100%	\$36,717,688	100%	\$31,789,290	100%

Source: School district's 1997-98 CAFR

*NOTE: The "On Behalf Payments" for the TPAF Pension Contributions and reimbursement of the TPAF Social Security Contributions are included in the State Aid Revenues category. These non-budgeted revenues are offset by the expenditures for these items.

All districts compared, except for Deptford, receive the majority of their revenues from state and federal aid. Local Tax Levy is the other major source of revenue.

The following table (Table 2) compares general fund expenditures with similar districts, based upon the district's Comprehensive Annual Financial Report (CAFR):

Table 2

	<u>Egg Harbor</u>		<u>Monroe</u>		<u>Lacey</u>		<u>Deptford</u>	
Regular Program - Inst.	\$12,838,149	34.0%	\$10,404,819	32.9%	\$12,844,251	40.1%	\$10,639,011	34.5%
Special Education	\$2,903,494	7.7%	\$2,010,290	6.4%	\$2,255,545	7.0%	\$1,908,614	6.2%
Basic Skills-Remedial	\$4,831	0.0%	\$0	0.0%	\$435	0.0%	\$0	0.0%
Bilingual Education	\$66,526	0.2%	\$30,581	0.1%	\$34,950	0.1%	\$32,464	0.1%
Vocational Prog.-Local Instr.	\$0	0.0%	\$30,481	0.1%	\$0	0.0%	\$0	0.0%
Sponsored Cocurr. Activities	\$156,166	0.4%	\$138,319	0.4%	\$196,372	0.6%	\$142,009	0.5%
Sponsored Athletics	\$395,037	1.0%	\$347,893	1.1%	\$495,156	1.5%	\$258,900	0.8%
Other Instruction Program	\$0	0.0%	\$40,258	0.1%	\$0	0.0%	\$0	0.0%
Community Services Program	\$0	0.0%		0.0%	\$0	0.0%	\$2,285	0.0%
Total Instructional Cost	\$16,364,203	43.3%	\$13,002,641	41.1%	\$15,826,709	49.4%	\$12,983,283	42.1%
Undistrib. Exp. – Instruction	\$1,620,711	4.3%	\$2,397,451	7.6%	\$493,494	1.5%	\$1,456,112	4.7%
General Administration	\$1,061,428	2.8%	\$1,264,462	4.0%	\$770,296	2.4%	\$763,306	2.5%
School Administration	\$1,564,078	4.1%	\$2,115,898	6.7%	\$976,555	3.0%	\$1,333,636	4.3%
Total Administration Cost	\$2,625,506	6.9%	\$3,380,360	10.7%	\$1,746,851	5.4%	\$2,096,942	6.8%
Food Service	\$300,000	0.8%	\$308	0.0%	\$0	0.0%	\$253,509	0.8%
Health Service	\$337,345	0.9%	\$234,849	0.7%	\$381,440	1.2%	\$407,453	1.3%
Attend. & Soc. Work Services	\$52,953	0.1%	\$19,943	0.1%	\$120,606	0.4%	\$82,626	0.3%
Students Related & Extra Serv.	\$345,464	0.9%	\$119,290	0.4%	\$172,609	0.5%	\$389,530	1.3%
Other Support Service	\$1,419,243	3.8%	\$1,222,552	3.9%	\$1,477,853	4.6%	\$1,084,950	3.5%
Other - Impr. of Inst. Serv.	\$363,430	1.0%	\$326,215	1.0%	\$1,073,775	3.3%	\$157,381	0.5%
Media Serv./Sch. Library	\$493,117	1.3%	\$434,585	1.4%	\$471,310	1.5%	\$664,702	2.2%
Inst. Staff Training Serv.	\$17,075	0.0%	\$32,046	0.1%	\$0	0.0%	\$173,678	0.6%
Operation of Plant	\$3,797,194	10.0%	\$3,630,569	11.5%	\$2,706,203	8.4%	\$2,987,225	9.7%
Business & Other Sup. Serv.	\$5,027,327	13.3%	\$2,832,891	9.0%	\$4,530,923	14.1%	\$3,775,403	12.3%
Total Support Services	\$12,153,148	32.2%	\$8,853,248	28.0%	\$10,934,719	34.1%	\$9,976,457	32.4%
Reimb. TPAF Pension	\$93,710	0.2%	\$183,849	0.6%	\$62,117	0.2%	\$302,547	1.0%
Reimb. TPAF SS Contrib.	\$1,446,675	3.8%	\$1,150,998	3.6%	\$1,243,326	3.9%	\$1,149,547	3.7%
Transportation	\$2,387,592	6.3%	\$2,399,049	7.6%	\$1,087,348	3.4%	\$1,574,091	5.1%
Capital Outlay	\$1,037,186	2.7%	\$283,997	0.9%	\$664,900	2.1%	\$1,276,487	4.1%
Special Schools	\$69,925	0.2%	\$0	0.0%	\$0	0.0%	\$3,600	0.0%
Total Gen. Fund Expend.	\$37,798,656	100%	\$31,651,593	100%	\$32,059,464	100%	\$30,819,066	100%
Average Daily Enrollment	4,950		4,538.0		4,592.0		3,728.0	

Source: School district's 1997-98 CAFR

The following table (Table 3) indicates the comparative per pupil costs for selected cost factors for the 1997-98 school year:

Table 3

	<u>Egg Harbor</u>	<u>Monroe</u>	<u>Lacey</u>	<u>Deptford</u>
Total Cost Per Pupil *	\$6,472	\$5,704	\$6,304	\$6,881
Classroom Instruction	\$3,917	\$3,315	\$3,982	\$4,075
Classroom Salaries & Benefits	\$3,800	\$3,185	\$3,624	\$3,842
Classroom General Supplies & Textbooks	\$107	\$123	\$282	\$184
Classroom Purchased Services & Other	\$10	\$8	\$75	\$49
Total Support Services	\$620	\$483	\$674	\$826
Support Services Salaries & Benefits	\$558	\$432	\$543	\$696
Total Administrative Cost	\$860	\$995	\$791	\$864
Salaries & Benefits for Administration	\$692	\$718	\$643	\$708
Operations & Maintenance of Plant	\$830	\$800	\$648	\$874
Salaries & Benefits for Operations/Maint. of Plant	\$428	\$0	\$352	\$485
Food Service	\$61	\$0	\$0	\$68
Extracurricular Cost	\$126	\$107	\$175	\$120
Equipment	\$175	\$63	\$129	\$162
Student/Teacher Ratio	14.1	16.6	15.2	15.1
Median Teacher Salary	\$41,700	\$41,500	\$42,113	\$49,904
Student/Support Service Ratio	104.1	127.5	125.7	104.0
Median Support Service Salary	\$49,606	\$44,650	\$49,016	\$8,604
Student/Administrator Ratio	225.6	218.7	209.1	219.1
Median Administrator Salary	\$77,383	\$75,500	\$79,847	\$78,500
Faculty/Administrator Ratio	18.2	14.9	15.4	16.6
Personal Services – Employee Benefits	17.2%	14.6%	19.9%	17.7

Source: 1999 NJDOE Comparative Spending Guide

*The total cost per pupil is calculated as the total current expense budget plus certain special revenue funds, particularly early childhood programs, demonstrably effective programs, distance learning network costs and instructional supplement costs. The calculation does not include the local contribution to special revenue, tuition expenditures, interest payments on the lease purchase of buildings, transportation costs, residential costs and judgments against the school district. Also excluded from this per pupil calculation are equipment purchases, facilities acquisition and construction services, expenditures funded by restricted local, state and federal grants, and debt service expenditures.

A comparison of Egg Harbor Township's per pupil costs with those of Monroe Township, Lacey Township and Deptford Township, based on the Comparative Spending Guide (Table 3) illustrates that, overall, Egg Harbor's costs are within comparable ranges. Individual line comparisons reflect some costs as being higher. However, the majority of the costs are equal to, or lower, than the comparable districts. Specifically, operations and maintenance of plant, food service, and equipment purchases are higher than the comparable districts.

In the 1999 Comparative Spending Guide, Egg Harbor Township is grouped with 85 K-12 districts with enrollments of 3,500+ students. The following table (Table 4) indicates Egg Harbor Township's rank in selected cost categories for the school years 1996-97, 1997-98 and 1998-99:

Table 4

	1996-97		1997-98		1998-99	
Ranked Low Cost to High Cost	Actual	Ranking	Actual	Ranking	Budget	Ranking
Cost Per Pupil	\$6,478	9	\$6,472	7	\$6,745	7
Classroom Instruction	\$3,951	7	\$3,917	8	\$4,183	7
Classroom Salaries & Benefits	\$ 3,833	10	\$3,800	11	\$4,040	10
General Supplies & Textbook	\$104	2	\$107	1	\$129	7
Classroom Purchasing Services & Other	\$15	18	\$10	12	\$13	15
Support Services	\$504	4	\$620	6	\$649	3
Support Services Salaries & Benefits	\$453	5	\$558	10	\$580	4
Total Administrative Cost	\$880	19	\$860	18	\$848	13
Salaries & Benefits for Administration	\$753	25	\$692	17	\$692	12
Operations & Maintenance of Plant	\$845	30	\$830	31	\$828	19
Saly. & Benefits for Operation/Maintenance	\$431	23	\$428	25	\$445	21
Food Service	\$135	44	\$61	33	\$39	32
Extracurricular Cost	\$96	22	\$126	43	\$129	36
Median Teacher Salary			\$41,700	9	\$41,900	9
Median Support Service Salary			\$49,606	12	\$51,566	17
Median Administrator Salary			\$77,383	9	\$76,606	6
Ranked High Ratio to Low						
Student/Administrator Ratio			225.6	11	231.7	11
Faculty/Administrator Ratio			18.2	7	19.0	5

Total of 85 School Districts

Source: 1999 NJDOE Comparative Spending Guide

Egg Harbor Township was compared to the other 84 school districts. Grades K-12 with more than 3,500 students, ranked low (1) to high (85) using the 1999 Comparative Spending Guide published by the New Jersey State Department of Education. The cost per pupil for Egg Harbor Township school district ranked 9th in 1996-97, 7th in 1997-98, and 7th in 1998-99. A ranking of above 42 would reflect a higher cost than the midpoint and a ranking of lower than 42 would reflect costs below the midpoint of the 85 districts. An examination of Table 4 reflects Egg Harbor Township's standing when compared with the 84 like enrollment/grade configuration districts.

The total cost per pupil in Egg Harbor Township for 1996-97 was \$6,478 and in 1997-98 the total cost per pupil was \$6,472. The state average cost per pupil for K-12 school districts was \$7,712 in 1996-97 and \$7,955 in 1997-98. Egg Harbor Township School District is below the state average cost for K - 12 districts by 19% in 1996-97 and 23% in 1997-98. During these two years, Egg Harbor Township ranged below the median in all cost categories, except for food service in 1996-97 and extracurricular cost in 1997-98.

Using the New Jersey School Report Card and the Comprehensive Annual Financial Report (CAFR), the following table (Table 5) provides additional comparative data for the 1997-98 school year used in this report:

Table 5

Description	Egg Harbor	Monroe	Lacey	Deptford
County	Atlantic	Gloucester	Ocean	Gloucester
District Type	II	II	II	II
Grades	K-12	K-12	K-12	K-12
District Factor Group	CD	CD	CD	CD
Cert Employees	416	320	365	283
Other Employees	248	113	246	249
Total Employees	664	433	611	532
Square Miles	65	47	85	15.5
Number of Schools				
Elementary	4	3	3	7
Middle	1	1	2	1
High School	1	1	1	1
Alternative School				
Total Schools	6	5	6	9
Average Daily Enrollment	4,950	4,538	4,592	3,728
Teacher/Student Ratio				
Elementary	1:27.0	1:16.0	1:15.0	1:14.0
Middle School	1:24.0	1:14.0	1:14.0	1:13.0
High School	1:20.0	1:14.0	1:14.0	1:12.0
Alternative School				
Administrative Personnel				
Number of Administrators	21.7	20.7	22	17
Administrator per Students	1:226.8	1:218.7	1:209.1	1:217.7
Administrator/Faculty Ratio	1:18.2	1:13.6	1:13.8	1:13.8
Median Salary				
Faculty	\$41,700	\$41,800	\$42,558	\$49,386
Administrators	\$77,383	\$75,500	\$79,847	\$78,500
Median Years of Experience				
Faculty	17	16	14	19
Administrators	25	28	24	27
Scholastic Assessment Test Results				
Average Math Score	496	490	512	512
Average Verbal Score	506	477	507	497
Post-Graduation Plans				
4 year College/University	42%	37%	49%	36%
2 year College	44%	45%	29%	26%
Other College	0%	5%	0%	0%
Other Post-Secondary School	6%	4%	5%	9%
Military	0%	0%	0%	0%
Full-time Employment	9%	7%	13%	26%
Other	-1%	2%	0%	3%
Undecided	0%	0%	4%	0%
Instructional Time	5 hrs., 2 min	5 hrs., 30 min	5 hrs., 28 min	5 hrs., 17 min
Student Mobility Rate	9.7%	12.2%	22.0%	11.9%
Dropout Rate	4.7%	4.8%	1.8%	7.0%

Source: 1997-98 school report card, CAFR and 1999 NJDOE Comparative Spending Guide

ADMINISTRATION

Organization

During the 1998-99 school year, the table of organization for administrative personnel was as follows:

- Superintendent of Schools
- Assistant Superintendents (2)*
- Business Administrator/Board Secretary
- Principals (7)
- Assistant Principals (4)
- Supervisors (7)
- Directors (2)

*A 3rd assistant superintendent was on paid leave from September 1, 1997 to June 30, 1999.

The administrative personnel employed by the district have a job description in the policy manual. In addition, the district has an administrative organization chart that was last revised in August, 1990. The job descriptions and organization chart should be updated to reflect responsibilities and the current organization.

Recommendation:

The team recommends that the district revise and update the administrative organization chart and job descriptions. Strategies should also be developed to keep them current and up-to-date.

Central Office Administration

The central office includes the superintendent, two assistant superintendents, and the school business administrator/board secretary. In addition, the central office staff includes an assistant board secretary and four secretaries for the four administrators.

The superintendent and the business administrator/board secretary have individual employment contracts with the district. The superintendent's contract is for the period commencing December 1, 1997 and ending June 30, 2002. The business administrator/board secretary has a contract commencing December 1, 1998, and ending December 31, 1999. The assistant superintendents are covered under a central office contract that expired June, 1997, which also included the previous superintendent and the business administrator. A severance agreement with the previous superintendent cost the district \$461,000 plus benefits. A severance agreement with the previous business administrator cost the district \$160,000.

Additional contract recommendations regarding the central office administrators will be addressed in the Collective Bargaining Section of the report.

School Administration

The district has a total of six schools; three elementary schools (K-3); one intermediate (4-6); one middle school (6-8); and one high school (9-12). A principal is assigned to each of the

schools. The high school has two assistant principals, while the intermediate and the middle schools each have one assistant principal. The district also employs a principal of support services. All principals work a 12-month school year, while the assistant principals work either 10 or 12 months. The number of administrators employed by the district seems to be adequate.

The support staff assigned to this level of administration, as well as contract recommendations, will be addressed elsewhere in the report.

Directors and Supervisors

The Egg Harbor Township School District has two directors and nine supervisors. There are job descriptions, which list the responsibilities and duties for these positions. The positions include:

- Director of Athletics (12 months)
- Director of Special Services (12 months)
- Supervisor of Health/Physical Education (10 months)
- Supervisor of Practical Arts (10 months)
- Supervisor of Social Studies (10 months)
- Supervisor of Mathematics (10 months)
- Supervisor of Grants and Federal Projects (10 months)
- Supervisor of High School Business Education (10 months)
- Supervisor of District Computer Services (12 months)
- Supervisor of Science (12 months)
- Supervisor of English/Foreign Languages(10 months)

After interviewing the directors and supervisors and reviewing the duties/responsibilities, there was evidence of varying amounts of supervision and evaluative responsibilities. However, it must be pointed out that a number of supervisors do teach two periods per day. The team believes that staffing is adequate to meet the needs of the district. The administration and the board of education should continue to monitor and evaluate staffing ratios as the district continues to grow. Short and long-term plans should be developed to ensure adequate staffing levels that enable the district to continue to provide for future needs.

Staffing

Using the New Jersey Department of Education's 1999 Comparative Spending Guide, among the 85 operating type K-12 with more than 3,500 students, Egg Harbor Township ranked 53rd (ranked high ratio to low) in the ratio of students to teacher. The average class size listed in the 1997-98 New Jersey School Report Card was 22 students for elementary/middle schools and 21 for high schools. All of Egg Harbor Township's elementary schools were above the state average except for one during the 1997-98 school year. During the 1998-99 school year, the district has made a concerted effort to lower class size in grades K-3 as well as in grades 4-8. The average class size for the high school is below the state average. Throughout the district schools, the long-range plan is to lower class size. In the short-range it may not be possible until a building plan is completed. Presently, the district has a Strategic Planning Committee composed of board members, administrators, teachers, support staff workers, community members, and a strategic planning consultant. Until a plan is implemented and acted upon, the district will be faced with a shortage of space, making it impossible to further lower class size.

Comparing median teacher salaries of K-12 school districts with over 3,500 pupils, Egg Harbor Township's median salary for 1998-99 ranked 9th with salaries of \$41,900 and \$41,700 (ranked low to high).

The district will be faced with the situation of hiring additional teachers to keep up with increasing enrollment and replacing retiring veteran staff members over the next few years.

Recommendation:

The team recommends that the district develop a strategic plan to have sufficient staff to meet enrollment needs, as well as to provide staffing for reducing class size.

Attendance

A secretary assigned to the assistant superintendent's office maintains the attendance records for all staff members. All attendance records are on computer. Each staff member has an individual account listing all absences. The record keeping process is extremely important because the staff is reimbursed for unused sick leave at retirement. At the present time all contracts contain a reimbursement clause. The exceptions are the superintendent and the business administrator/board secretary. Faculty absentee rates are equal to or better than the state average.

The district employs three attendance officers to handle student absences. They are part-time contractual employees and work 10 months. One attendance officer is assigned to the high school, one to the middle school, and one to the elementary schools. They are required to check for truancy, legal and illegal absences, residency requirements, and to complete the required paper work and monthly reports. Student attendance rates are equal to or above the state averages at each of the schools. The number of attendance officers employed by the district is adequate.

Support Staff

According to the Support Staff Directory for 1998-99, the 39 member support staff is divided into two categories, confidential employees and secretaries. There are nine confidential employees and are all assigned to the central administrative office. The titles are accountant, bookkeeper, assistant board secretary, payroll, and secretary. The remaining 30 positions are secretarial. They are assigned to the six schools in the district and to the transportation department, maintenance department, and to the supervisors.

The confidential support staff does not have a formal contract, but uses a board policy referred to as Support Staff Work Schedule, Leaves and Absences. The benefits granted to this group are listed in the policy. The policy indicates that confidential employees receive vacation benefits as follows:

- 2 weeks after one year of service;
- 3 weeks with six years or more of service;
- 4 weeks after twelve years of service; and
- 5 weeks after 18 years of service.

There are no salary guides; therefore, salary increases are by board resolution. In the 1997-98 school year, salaries for board office personnel ranged from \$16,700 to \$56,585 and they appear high for the region. It was also brought to the team's attention that there are additional benefits (i.e., the confidential employees were awarded a bonus last year). The district should have a more formal agreement with the group listing all benefits, salary guides, and other monetary entitlements. At the present time it is not clear if, and when, the group is to receive salary increases or other benefits.

The secretaries have a formal contract that covers the period July 1, 1996 to June 30, 1999. The contract contains salary guides and benefits. Contract provisions will be addressed elsewhere in the report.

Recommendations:

The vacation benefit is generous and not consistent with other staff members' contracts. The team recommends that the district negotiate a vacation benefit with a maximum of four weeks vacation after 15 years of service.

The team recommends that the district develop a formal agreement with the confidential employees. The agreement should list all benefits and contain salary guides for all the employees in this group.

LGBR recommends that a salary survey be conducted in the region to compare salaries of area business office personnel.

Communications/Telephone

A review of the district's communications account and CAFR report indicates a total expenditure of \$114,229 in the 1997-98 school year with \$85,530 expended specifically for telephone service. The communication line-item account consists of postage and telephone equipment and service charges. The Egg Harbor Township School District separates the postage and telephone expenditures into sub-accounts, which is an acceptable accounting practice.

There are 115 telephones in the district. The district has 13 fax lines, 26 modems, nine alarm lines, four utility lines, two elevator lines and two call-in lines for staff to report their absences. There is a press box telephone, four lines used by utility companies to read usage, five Internet connections, and 16 ISDN lines for distance learning. The district has a four-year contract for its 15 pay telephones and receives a commission, based on revenues received.

Approximately five years ago, the district, with the assistance of a consultant, assessed its long distance carrier. At that time the long distance carrier was changed in order to obtain a less costly service. All of the telephone lines are restricted from receiving collect calls and 700 and 900 telephone numbers. Long distance calls are also restricted. In order to make a call, a code must be dialed to allow access to long distance. The district has an unwritten procedure, whereby employees, before making personal long distance calls, must post the number that is being called and sign a book in the school office. The employee then reimburses the board for

all personal calls. The district reported that many employees have the code and are authorized to make long distance calls for business purposes. However, in reviewing the telephone operation, it was found that most employees are given codes for long distance usage.

There are no charges for local directory assistance. The district is being charged for long distance directory assistance; however, telephone bills indicate that directory assisted calls are kept to a minimum. Although the district carefully reviews telephone bills and collects reimbursement for personal telephone calls, a review of the district's policy manual indicates that there are no policies that require reimbursement for personal calls.

The present telephone system was found to be in need of upgrading. Several office personnel answer telephones at the same time, as it is unclear as to where the call is intended. Also, calls can only be transferred to certain personnel within the building. At the time of this writing, the district hired a receptionist to receive calls and transfer them to the appropriate departments in the board office. The receptionist will be assigned other board office duties.

The business administrator reported that the district had recently prepared a Request for Proposal (RFP) for a new telephone system and received prices on a new system. However, it was determined that the system would not fit its needs. The district is in the process of re-assessing its needs and will be requesting proposals for a new telephone system, including capabilities for updated technology.

Recommendations:

Although personnel reimburse the district for personal telephone calls, the LGBR recommends that the district initiate policy stating this requirement.

The LGBR agrees that the district needs to study the telephone system and strongly encourages the district to accelerate its review of its needs. The current system is cumbersome. A voice mail capability would be beneficial. The need for the many telephone lines could be decreased.

The LGBR recommends that the district seek bids for intrastate and intra-lata (toll and long distance) telephone service. The savings could be approximately 10%. This percentage would equate to a saving of \$8,553.

Cost Savings: \$8,553

Photocopier Management

The Egg Harbor Township School District operates approximately 20 photocopiers within its facilities. Each of the schools and the board office are equipped with high production models, and several have additional smaller models as well. There are also smaller copiers located at the transportation and maintenance offices.

The LGBR team reviewed invoices for the 1997-98 school year, which included usage information for each copier during that period. The production copiers were in the first year of a 60 month lease/purchase agreement, whereby the district pays a monthly set payment of over

\$700, plus the cost of supplies, plus a per copy charge. These copiers have capacities of up to 400,000 copies per month. No copier in the district came close to that monthly usage, but many of the school copiers did make in excess of 100,000 per month.

Photocopying is a costly expenditure and it behooves a district to keep these costs to a minimum. One way of doing this is to ensure that the copiers are “right-sized” for the facility in which they will be used. If monthly usage is less than 100,000 copies per month, a high-speed production model is probably not necessary. For those locations where fewer than 100,000 copies are made per month, the district should consider using the state’s cost per copy contract. Under the terms of this contract, the district contracts for *photocopies*, not *photocopiers*. The vendor provides a copier for the use of the district. The district does not lease or purchase the equipment, but rather purchases the copies it makes on the vendor’s equipment. Everything but paper and staples is included in the monthly fee.

Based upon the review of 1997-98 usage, the team identified three instances where the district could possibly benefit from use of this contract, which again is only intended to be used where fewer than 100,000 copies per month are made. A comparison of the district’s costs for these three machines against the state contract yielded potential savings of over \$21,000 per year. Additional savings would also be achieved, as supplies are included in the state contract cost. Egg Harbor Township spent about \$17,000 for copier supplies in 1997-98, excluding paper and staples.

Recommendation:

The team recommends that the district consider using the state’s cost per copy contract where feasible. Based upon 1997-98 usage, there is a potential for savings of \$21,000 in three cases, plus supplies, which are conservatively estimated at \$1,000 per machine.

Cost Savings: \$24,000

INSTRUCTION

Curriculum

The district has a policy that specifically refers to curriculum development and covers the elements of curriculum development, the process, and the major areas on the five-year cycle of assessment, review, and revision. In addition, the policy lists the specific responsibilities of the content area committees and the curriculum development steps to be implemented. To further aid the curriculum committee, a Curriculum Development Chart and a Course of Study Format is available. Although the guidelines for curriculum development are specific, the district’s five-year plan provides more of an overview of major content areas to be assessed, reviewed, and revised, rather than an identification of broad-based future plans and requirements. The district provides more than sufficient resources to complete curriculum guides. Curriculum guides are being revised, as per the core curriculum standards; however, the team believes that they are not being completed in a timely/efficient manner.

Recommendations:

It is recommended that the district update its five-year plan of curriculum review on an annual basis and have it available. In this way, fiscal consequences can be addressed in the budget.

It is recommended that the administration develop specific time-lines to complete all curriculum reviews.

Staff Development

The district has a general policy dealing with staff development. The policy provides for the assistant superintendent(s), in consultation with the appropriate staff members, to provide in-service training for the district staff. Programs and in-service sessions are to deal with educational topics. It should be noted that the policy was adopted in December, 1985.

During the 1997-98 school year, the district's Professional Development Activities described in the QAAR document were numerous and varied. The total cost listed was approximately \$116,000, \$15,000 of which was Title II funds. The district scheduled three full in-service days and provided release time to further its commitment to staff development activities. There were staff development activities that concentrated on revising content area curricula, realigning curricula to state and standardized tests, training in mandated programs, and preparing a needs assessment of the district's educational technology. The district also provides mentoring programs, special educational strategies/technique sessions, and training for building level teams on multiple intelligence theory and strategies.

The district has a program in continuing education. The program provides an opportunity for staff to receive and accumulate Continuing Education Credits/Units (CEU) for the satisfactory completion of course work requirements. A course guideline has been developed by a professional development committee.

In support of out-of-district staff development, the district allows professional days to teaching staff for the purpose of attending conferences and workshops. With prior approval, the district pays certain fees and costs.

English as a Second Language (ESL)

The Egg Harbor Township School District provides ESL instruction for eligible students in grades K-12. There are 15 different primary languages represented within this group. Although 43 students within the district speak Spanish, there is no bilingual program provided for them. The district reported that it would file for a waiver for the 1999-00 school year, based upon age range and geographic location of these students.

The following table provides total numbers of students participating in the ESL program over the past few years.

DATE	Number of Students
May, 1999	105
October, 1998	96
October, 1997	104
October, 1996	75

The need for ESL instruction is expanding, as more students with Limited English Proficiency (LEP) move into the district.

The district employs three full-time and one part-time (3/5) teachers to provide ESL instruction. One full-time teacher covers the middle and high schools. One provides instruction in the intermediate school, and the other is responsible for the Swift and Slaybaugh Schools. The part-time teacher covers one class at the Swift School and all classes at Davenport. The district plans to increase the part-time position to full-time in the 1999-00 school year.

Instruction time at the elementary level is 30 minutes. At the intermediate, it ranges between 30 and 45 minutes depending on the ability level of the class. Instruction time at the middle and high schools is 45 minutes.

In the 1998-99 school year, class sizes ranged from one student to 12 at the middle school level, with an average ESL class size for the district of four. Classes were primarily broken down by grade and English-proficiency levels. However, some classes were comprised of two or more consecutive grades and/or levels.

Recommendation:

Based upon the very small class sizes, the team recommends that the district combine additional classes to reduce the number district-wide. This has already been accomplished to a limited degree, and it appears that more can be done, while allowing for some increase in the number of eligible students and maintaining reasonably small class sizes. This consolidation can be achieved, while still complying with all state statutes and the Department of Education regulations concerning Bilingual Education. The team believes that the part-time position (which is scheduled to become full-time) can then be eliminated. Cost savings of the part-time salary can be achieved, as well as a cost avoidance of the balance of the full-time position.

Cost Savings: \$16,905

Special Education

The Egg Harbor Township School District has a full compliment of services for special education students, including resource rooms, self-contained classes and various supplemental instruction programs.

Staffing

The Director of Special Services oversees the district's special education program. During the 1997-98 school year, the district employed four psychologists, four learning disability teacher

consultants, four social workers, seven speech correctionists, one adaptive physical education teacher, one occupational therapist, 59.5 special education teachers, four supplemental teachers and 26 special education aides.

During the 1998-99 school year, there were four child study teams reporting to the Director of Special Services. Each team was comprised of a school psychologist, a learning disability teacher consultant and a social worker. One team was shared among the three K-3 schools (Davenport, Slaybough and Swift); the remaining three teams were assigned either to the intermediate, middle or high schools.

Currently, all child study team personnel are full-time salaried employees of the district, except for one part-time elementary school learning disability teacher consultant. The district is currently in the process of hiring a full-time psychologist, who will also function as case manager for the team assigned to the three elementary schools. Due to the growing size of its enrollment, the district plans to add one more child team to its staffing in the near future.

Special Education Enrollment

According to the 1997-1998 ASSA Report, the Egg Harbor Township School District has, in its special education (SE) program, 787 classified students. 718 are educated within the district, with 170 in self-contained classes and the remaining 548 in resource/supplemental programs. The remaining 69 SE students are sent out of district to both public and private educational centers. A three-year distribution of special education within Egg Harbor Township is as follows:

	1998-99	1997-98	1996-97
Special Education in District Full-time	659	651	699
Special Education in District Shared Time	51	62	---
Special Education Received From Other Schools Full-time	2	2	---
Special Education Home Instruction	6	3	---
Total In-District Special Education	718	718	699
Special Education Students Sent to Public School Full-time	---	2	---
Special Education Students Sent to Public School Shared Time	---	---	---
Special Education Students Sent to Private School Full-time	20	13	15
Special Education Students Sent to Regional Day School	6	6	6
Special Education Students Sent to County Special Services FT	41	47	40
Special Education Students Sent to County Special Services ST	1	1	1
Total Out-of-District Special Education	68	69	62
Total Special Education Students	786	787	761
Total Enrollment	5,156	4,990	4,926
% of Special Education to Total Enrollment	15.2%	15.8%	15.4%
Total Special Education Self-Contained Classes	156	170	155
Number of Self Contained Classes	18	19	17

Over the past three fiscal periods (1997-99), the percentage of classified students in the Egg Harbor School District has averaged 15.5% (excluding speech). The district's enrollment has

stayed relatively consistent over that period, only increasing between 1.3% to 3.3% annually. Overall, in the State of New Jersey, classified students comprised 12.2% (excluding speech) of the total enrollment of all public schools in the state and 13.3% (excluding speech) in Atlantic County. (Source: Special Education, a statistical report for the 1997-98 School Year).

The one SE classification in which Egg Harbor Township School District is extremely high is its population of Perceptually Impaired (PI) students. The explanation given is that the district uses an extensive monitoring and screening process, which identifies students in need of assistance.

Students are sent out-of-district, usually due to the extent or nature of the disability and/or the limitation of space in district schools. The following table illustrates average out-of-district SE costs of the Egg Harbor Township School District:

**1997-98 Tuition and Transportation Costs
Out-of-District Special Education Students**

School Type	Number of Students	Estimated Average Tuition Per Pupil	Estimated Average Transportation Per Pupil	Estimated Average Cost Per Pupil
Private	13	\$24,554	\$4,984	\$29,538
Public	2	\$13,160	\$4,984	\$18,144
Atlantic County Special Services	48	\$21,845	---	\$21,845
Regional Day	6	\$21,845	\$4,984	\$26,829

NOTE: The data source is the district's information for the school year ending June 30, 1998.

Based upon the data provided by the district, the average cost-per-pupil for out-of-district special education students was conservatively estimated at between \$25,000 to \$30,000, but would vary based on the special needs of the individual student. The district's general fund cost-per-pupil (Pre-K to 12) was \$6,783 for the 1997-98 school year.

In 1997-98, two special education students from other school districts attended classes in the Egg Harbor School District on a tuition basis. In both cases, the sending district was inaccessible for wheelchair bound students. In addition, in one of the sending districts, a court order required Egg Harbor to accept the sending district student. The district received a grand total of \$81,179 from the two sending districts (Pleasantville - \$29,539 and Atlantic City - \$50,640). A one to one student/teacher assignment with the student from Atlantic City caused the extraordinary cost.

Elementary Schools Special Education Program (Grades Pre-School Handicapped - 8)

In 1997-98, the Egg Harbor Township School District maintained 19 self-contained special education classes and 24.5 resource room programs, distributed among the four elementary schools, providing instruction for 432 special education students.

Within the elementary schools, there were fourteen self-contained classes for a total of one hundred and thirty-four students classified for learning disabilities and five half-day classes for a total of thirty-six students classified for preschool handicapped program. There were 14 teachers and 14 aides assigned to the learning disability classes and 3 teachers and 3.5 aides assigned to three a.m. and two p.m. classes for the preschool handicapped program.

In an effort to identify ways to control district costs for self-contained SE classes, the review team sought to determine whether SE classes were at full occupancy. A complete analysis of each class in every school revealed that there are many special education classes not filled to state allowable capacities, which is illustrated in the following table:

Elementary School (Grades PS – 8)	Class Type	Allowable Size	Students Enrolled	Aide in Class	Aide Required	Available Space
Middle	LD/LANG	10	9	1	No	1
Middle	LD/LANG	10	9	1	No	1
Middle	LD/LANG	10	9	1	No	1
Middle	LD/LANG	10	9	1	No	1
Middle	LD/LANG	10	9	0	No	1
Intermediate	LD/LANG	10	8	1	No	2
Intermediate	LD/LANG	16	13	1	Yes	3
Intermediate	LD/LANG	16	14	1	Yes	2
Intermediate	LD/LANG	16	11	1	Yes	5
Slaybaugh	MD	8	8	1	No	0
Slaybaugh	LD/LANG	10	10	2	No	0
Slaybaugh	LD/LANG	10	9	1	No	1
Swift	MD	12	9	1	Yes	3
Swift	MD	8	7	1	Yes	1
Swift AM	Preschool	8	5	1	No	3
Swift AM	Preschool	12	10	2	Yes (2)	2
Swift AM	Preschool	8	7	1	Yes	1
Swift PM	Preschool	12	9	2	Yes (2)	3
Swift PM	Preschool	8	5	1	Yes	3
Total		204	170	21		34

The review team calculates that 34 additional students could be educated within the district without hiring any more teachers or aides. By recruiting special education students from other districts, the district could bring in additional revenue.

The review team recognizes that differences in age grouping or other legitimate circumstances may preclude the district from filling every SE classroom to capacity or that special situations may exist as a result of analysis completed by the Child Study Teams (CST). The team also realizes that “allowable capacity” means “maximum” number of students, not “recommended”

number of students. However, it is suggested that the district continue to carefully scrutinize this matter every year and make certain that resources within the district are utilized to the fullest extent possible.

High School Special Education Program

Within the district's high school, there were approximately 278 classified students assigned to departmentalized classes, plus resource programs that include pull-out support, in class support and supplemental support (study hall, after school, etc.). Sixty-two of the above students were considered shared-time because they also attended the Atlantic County Vocational School.

There were 16 special education teachers in the high school and six aides who moved among the classes as needed. All of the special education high school teachers were assigned to the resource room serving all 278 students. The class size for the high school resource rooms varied, based on recommendations from the child study teams, IEP's and discussions with the parents. In the high school, all special education teachers are assigned six instructional periods per day. In addition, periods for prep time and study hall duty are also included in the teachers' schedules.

In the high school the Special Education Program includes the following staff members:

- 1) Job Developer – to assist the Special Education students in finding a vocation and assist in job placement.
- 2) Supplemental Instructors – to assist students with home study and in-class and homework assignments, as well as, preparing the students for testing.

The Expense Budget Report provides significant information about special education expenditures from the 1997, 1998 and 1999 fiscal periods as illustrated below:

Egg Harbor Township School District						
Special Education Actual Expenditures	1996-97	1997-98	% of Change	1997-98	1998-99	% of Change
Speech Purchased Services	\$0	\$0	0%	\$0	\$6,650	0%
Speech Supplies	\$0	\$0	0%	\$0	\$1,431	0%
Speech Teachers Salaries	\$241,558	\$345,464	43%	\$345,464	\$362,784	5%
Speech Textbooks	\$209	\$269	29%	\$269	\$0	-100%
Child Study Team Salaries	\$403,498	\$517,907	28%	\$517,907	\$605,854	17%
CST Secretary Salaries	\$72,165	\$96,527	34%	\$96,527	\$108,650	13%
CST Purchased SVC	\$115,534	\$126,533	10%	\$126,533	\$159,886	26%
CST Mileage	\$3,717	\$5,278	42%	\$5,278	\$3,810	-28%
CST Supplies	\$5,738	\$5,698	-1%	\$5,698	\$4,716	-17%
CST Team Member--Leaving District	\$0	\$0	0%	\$0	\$17,611	0%
CST Team Equipment	\$0	\$0	0%	\$0	\$36,290	0%
PI Teachers Salary	\$245,420	\$416,270	70%	\$416,270	\$494,370	19%
PI Aides Salary	\$96,435	\$137,553	43%	\$137,553	\$184,661	34%
PI Supplies	\$3,943	\$8,123	106%	\$8,123	\$9,920	22%
PI Textbooks	\$3,188	\$6,026	89%	\$6,026	\$4,532	-25%
LLD Textbooks	\$0	\$0	0%	\$0	\$13,086	0%
MH Teachers' Salaries	\$221,216	\$126,885	-43%	\$126,885	\$0	-100%
MH Aides' Salaries	\$72,379	\$57,194	-21%	\$57,194	\$19,885	-65%
MH Supplies	\$6,335	\$4,948	-22%	\$4,948	\$4,848	-2%
MH Textbooks	\$1,903	\$2,140	12%	\$2,140	\$2,345	10%
Resource Room Teachers' Salaries	\$1,632,646	\$1,741,967	7%	\$1,741,967	\$1,783,096	2%
Resource Room Aides Salaries	\$75,212	\$91,551	22%	\$91,551	\$104,571	14%
Resource Room Supplies	\$21,866	\$23,458	7%	\$23,458	\$22,075	-6%
Resource Room Textbooks	\$10,251	\$16,526	61%	\$16,526	\$33,940	105%
Pre School Handicapped Teacher Salaries	\$97,141	\$102,127	5%	\$102,127	\$111,999	10%
Pre School Handicapped Aides Salaries	\$58,894	\$55,535	-6%	\$55,535	\$57,540	4%
Pre School Supplies	\$4,749	\$5,065	7%	\$5,065	\$4,555	-10%
Supplemental Teachers' Salaries	\$50,002	\$105,254	110%	\$105,254	\$70,872	-33%
Director of Special Services Salary	\$50,373	\$51,129	2%	\$51,129	\$42,471	-17%
Transportation SE Drivers	\$100,474	\$107,841	7%	\$107,841	\$121,665	13%
Transportation to/from	\$224,524	\$233,576	4%	\$233,576	\$278,584	19%
Tuition – State Facilities	\$110,040	\$88,858	-19%	\$88,858	\$93,074	5%
Tuition – LEA'S Within State	\$0	\$0	0%	\$0	\$22,822	0%
Tuition - CSSSD/Regional Day School	\$462,479	\$1,168,684	*	\$1,168,684	\$1,251,566	7%
Tuition – Private Schools	\$434,638	\$319,207	-27%	\$319,207	\$474,761	49%
Tuition - Other	\$71,646	\$0	-100%	\$0	\$0	0%
Tuition - Other LEA	\$0	\$0	0%	\$0	\$29,896	0%
	\$4,898,173	\$5,967,593	22%	\$5,967,593	\$6,544,816	10%

*Due to a revenue/expense classification error, the district noted that the Tuition – CSSSD/Regional Day School expense was understated for 1996-97.

Recommendations:

The team recommends the district closely review both staffing and class sizes in its special education programs and review the schedule in order to accommodate more students per class. The district may be able to reduce the number of classes it now conducts by increasing the number of students per class, which would result in employee cost savings. Student needs, as determined by the IEP, should remain the controlling factor.

At the time of the report the review team found that 10 special education teacher aides were not required, due to class size for the district's 19 elementary self-contained special education classes. The review team realizes that the district's self-contained classes are designed for the benefit of the students special needs and the instructional efficiency of the staff, but if the district were not to fill 5 aide positions, the savings would be approximately \$65,500 in salary costs plus employee benefits.

Cost Savings: \$65,500

Since the district's 19 self-contained classes have numerous empty spaces (34), the district should consider inviting other districts to send, on a tuition basis, students with the same age range and special education classification. The review team is aware of the district's rapidly expanding enrollment and lack of classroom expansion so the above recommendation should be considered after the in-house needs of the district are satisfied.

Special Education – SEMI

The Special Education Medicaid Initiative (SEMI) is a joint project of the Departments of Treasury, Human Services and Education to claim reimbursement for medically related special education services provided to Medicaid eligible pupils. The eligible related services include counseling, occupational therapy, physical therapy, speech, nursing, evaluations and transportation.

Egg Harbor Township School District has been registered in the SEMI program since 1997. During this time period, the district has received \$252.99 in federal Medicaid reimbursements for special education services provided to eligible pupils.

The estimated minimum potential for this program is \$23,671 per year, or an average of \$2,367 per month, for 10 months. The district may also file claims retroactively for up to one year. The SEMI Office has scheduled a training session with the new SEMI District Coordinator during September 1999 to review and improve the district's claiming process.

Under the SEMI program the school district may submit claims for related services. The district may also participate in the new EPSDT (Early Periodic Screening and Diagnostic Treatment) program that enables the district to receive reimbursement for administrative services performed by the special education staff. Regional information/training sessions are available for this new program. Under the EPSDT program the district must sign a Memo of Understanding and provide current fiscal data. The state will provide staff training. A random sampling of the special education staff must complete a time study for five consecutive days four times a year. The state prepares the claim based on the time studies and the current fiscal data and distributes the district's reimbursement.

Recommendation:

Seek parental consent from parents of pupils during the initial evaluation. Register the pupils in the SEMI program to determine Medicaid eligibility. Ensure nursing services are added to the IEP, where applicable, and file claims. Begin to claim the annual evaluation for each eligible pupil. File claims for the previous year. File claims for the current year

on a monthly schedule. Continue to register new pupils and delete the names of pupils moving out of the district. The district is encouraged to participate in the new EPSDT revenue initiative.

Potential Cost Savings: \$23,671

Guidance Services

Guidance counseling services are available to all grade levels in the Egg Harbor Township School District under the direction of a director of guidance. Prior to the 1997-98 school year, staffing at the high school included a Student Assistance Counselor (SAC) and five guidance counselors. The three elementary schools had two counselors. The middle school and intermediate school each had one counselor. Upon the retirement of the director, an acting director of guidance was assigned to head the department. The district had increased the guidance staff over the last two years due to increased student population.

A consulting firm completed a study of the district's guidance department. The report included results of a survey completed by guidance counselors and information gathered from interviews regarding the program. Following the consultant's report, the district had increased the guidance staff to include an additional counselor for the elementary schools, an additional counselor and SAC for the middle school and an additional counselor for the intermediate school. Also, another counselor was added to the high school staff to serve as college career counselor.

The major functions of the counselors include individual and small group counseling, career and college counseling, course selection and scheduling, and interaction with parents. In addition, the counselors conduct group sessions on a variety of subject areas for interested students.

The district's stated average caseload per counselor was 288 for its five counselors in the high school, with some counselors having as many as 320. The Department of Education recommends 225 students per high school counselor. The additional college counselor took approximately 25 students from each grade level, thereby, reducing each of the five counselor's workloads. It is anticipated that the increasing high school student population will warrant the need for another counselor in the future.

In addition to the two student-assistance counselors employed by the district, Atlantic Prevention Resources (APR) is contracted to provide additional services related to drug and alcohol issues. APR offers various other programs such as parent and student prevention education, special assemblies, and PTA/School Board presentations. The contract cost is \$15,000; \$6,000 for each one day in the high school and one day in the intermediate school and \$3,000 for three hours one day per week in the latchkey program.

The guidance department recently acquired new computers and a new student data system.

The Teacher Mentor Program, under the auspices of the guidance department, is a noteworthy project and is discussed further in the Best Practices Section.

Recommendation:

As the district is classified as a high growth area and the student population is growing, it is recommended that the district continuously monitor the needs of the guidance department.

Athletics and Extracurricular Activities

The Egg Harbor Township School District offers a wide array of athletic and extracurricular programs for its intermediate, middle, and high school students. Activities range from football to garden club to national honor society, with student participation numbers in the various activities ranging from five students to over 100. The district reviews participation numbers regularly and eliminates programs where interest is deemed too low, although, it was reported to the team that the district does not like to eliminate programs of interest to any students.

The advisors and coaches of the various activities are paid a stipend as set forth in the teachers' agreement for providing these services for the students.

Following are the per pupil costs and the district's rankings among the 85 districts with similar enrollments for athletic/extracurricular activities for the past several years according to the Department of Education's Comparative Spending Guide:

School Year	Per Pupil Cost	Rank (Low to High)
1994-95	\$128	48
1995-96	\$130	46
1996-97	\$96	22
1997-98	\$126	43

Generally, the district ranks around the middle, and slightly below the state average, for its operating type for athletic/extracurricular spending. The team was informed that in the 1996-97 school year, funding of many of the athletic and extracurricular programs was cut due to budget reductions. Programs were eliminated at the beginning of the year, and some, primarily those for the upper grades, were reinstated halfway through the year. In 1997-98, separate proposals were included in the budget for certain purchases, e.g., athletic supplies, but all programs were again offered. In 1998-99, funding was included through normal appropriations.

The athletic director is responsible for the coordination and scheduling of all athletic programs at the high school and middle school. The district employs a full-time athletic trainer for the high school at a 1998-99 salary of \$25,000. The trainer works a flexible eight hours per day depending on the scheduled sports activities. In the early part of the day, she provides rehabilitation services to injured athletes, consults with physicians, etc.

The physician contracted to provide medical inspector services for the high school provides all the required sports physician services under the terms of the contract, including sports physicals, wrestling weigh-ins and attendance at football games.

Transportation for the district's athletic teams is coordinated by the district's director of transportation. The athletic director submits a list of all away events for the year and the transportation director schedules transportation for the teams.

Many of the teams and clubs hold various fundraising activities throughout the year to support their programs. A soft drink company has provided score boards and a scale to the district in exchange for the placing of its soda machines at the gym and faculty lounge. Proceeds from a juice machine near the gym are used to award college scholarships to district students. The team commends the district for promoting these activities and partnerships.

Libraries

Each district school contains a library and employs one full-time librarian, or, in the case of the smallest K-3 school, a library aide. The intermediate, middle and high schools are also staffed with an aide, in addition to the librarian. The librarians report to their individual building principals, but fall under the general oversight of one of the assistant superintendents. It was reported to the team that the librarians meet periodically, but according to some of the librarians, this does not occur often enough.

Recommendation:

The district may want to explore the need to conduct more meetings of the librarians, in order to provide a forum for the group to exchange ideas and collectively provide input to the administration regarding matters such as Internet accessibility within the libraries.

Library instruction is provided to students in the lower grades, usually on a biweekly basis, alternating with computer instruction. Some of the libraries' catalogs and circulation operations are automated. At the time of this review the librarians were expecting upgrades in the form of new equipment, software and networking.

The adequacy of the collection in each library varied. Due to the reconfiguration of the district, some of the schools do not have a sufficient collection to meet the needs of their new student populations, but they are moving towards it, through the purchase of new books and materials.

Book fairs are held twice a year in all the schools, except the high school. Of these, all but the middle schools are run by the parent clubs. The book fairs are very successful and profitable for the district. The proceeds are used by the parents' clubs to fund extracurricular activities and programs for the students. The librarians order free paperback books based upon the amount of the sales. At the middle school, the librarian runs the book fairs, with proceeds going to the Student Council and National Honor Society Programs.

The coordination of audio-visual equipment in each school is handled by a teacher, for additional compensation as set forth in the teachers' agreement. In the 1997-98 school year, this amount was \$1,750 per teacher/school, for a total expenditure of \$7,000. The librarians are only responsible for storing and maintaining the inventory of tapes and other materials that might be used with the equipment.

Recommendation:

The team recommends that the district consider assigning responsibility for coordination and maintenance of the audio-visual equipment to the librarians, as part of their normal job duties. The librarians are certified as library-media specialists, which should include responsibility for this assignment.

Cost Savings: \$7,000

Technology Media

In prior years, districts provided access to resources through networked terminals accessing CD-ROM towers that housed multiple Small Computer System Interface (SCSI) CD-ROM units containing disks encoded with resource materials. These systems represented a double edged sword, as it enabled libraries to reduce the large amount of facility space to accommodate volumes of material, however, these databases had to be updated annually at an expensive cost, in excess of \$10,000. In recent years, much of the information contained on CD-ROMs is now available through the Internet at a lower annual cost.

EHT eliminated the use of CD-ROM towers, replacing them with an Internet service provider that provides access to on-line databases and the Internet at no cost. Currently, the high school and middle school have networks connected to the Internet. Furthermore, name brand computers and Internet connections are included at no additional cost. The ISP also provides all hardware and software support, usually within two days. In exchange, students must navigate through advertisements before accessing the Internet or resource databases. The district feels the “free” hardware and Internet access is an acceptable exchange for the advertisements. The LGBR recognizes the service is an alternative for districts that have difficulty in providing Internet access in their libraries.

Health Services

The district maintains a health office at each of its six schools. 1998-99 staffing for each of the health offices is as follows:

SCHOOL	HEALTH OFFICE STAFF	10/30/98 ENROLLMENT
Swift	1 Nurse	376
Slaybaugh	1 Nurse	787
Davenport	1 Nurse	620
Intermediate	1 Full-time and 1 Part-time Nurse	1,027
Middle	1 Full-time and 1 Part-time Nurse	969
High School	2 Full-time Nurses and 1 Full-time Secretary/Aide	1,360

It should be noted that the school staff members also call upon the nurses for medical advice, blood pressures, etc.

Each of the nurses works a 10-month calendar. The nurses provide coverage, on a shared basis, for the 16-day summer pre-school handicapped program. The nurses are paid on a per diem basis for the days they work in the summer. In 1997-98, the rate of pay was \$33.24 per hour.

It was reported to the team that the Slaybaugh School might be adding a part-time nurse in the 1999-00 school year. According to the New Jersey Department of Education's 1996 Comprehensive Plan for Educational Improvement and Financing, one nurse should be assigned to accommodate 500 elementary school children. On that basis, the additional position appears to be warranted. There are also plans to increase the part-time positions in the middle and intermediate schools to full-time in the 1999-00 school year, which again appears warranted, based upon student enrollment.

At the high school level, the Comprehensive Report suggests two nurses for 900 students. This is the only health office in the district staffed with clerical support. Based upon the student enrollment and the differentiation of duties between the two assigned nurses, the team believes the clerical support is needed in this office, especially in light of the fact that the clerk is a registered nurse, who performs triage services for the certified school nurses.

In addition to her normal workday, one of the high school nurses works overtime three hours per day, three days a week, for which she is paid the 1998-99 hourly rate of \$34.57, to provide nursing services for the Alternative School students who attend school until 5:30 p.m. each day. For the other two school days each week, the athletic trainer is available for emergencies. The district plans to operate the Alternative School off-site, beginning with the 1990-00 school year, and will staff it with its own nurse.

Recommendation:

Although there are plans to change the delivery of the Alternative School program in the next school year, the team is including a recommendation as to the current school nurse arrangement, for the record. Based upon current practice, the team suggests that the district consider adjusting the work hours of one of the nurses to include coverage of the Alternative School each day to eliminate the need for extra pay and to ensure that the athletic trainer is available to perform her normal job duties.

Cost Savings: \$11,000

Most of the nurses indicated that a major portion of their time is devoted to meeting the needs of the district's special needs students. In some cases, the students have serious medical conditions, which require a lot more of the nurses' time, so they are not available to perform other tasks, e.g., providing lessons on health topics to the student body.

As occurs throughout the state, it is difficult to secure the services of substitute nurses to cover absences of the school nurses in Egg Harbor Township. There is only a pool of three or four, and, if none are available, a nurse is reassigned from one of the other buildings with two nurses to ensure nursing coverage at each school. It was noted by several of the nurses that, even when advance notice of absence is given, the district does not often act until too late to secure a substitute. Due to the unique nature of the nursing function, one nurse suggested her willingness to assume responsibility for ensuring coverage of the nurses' offices, instead of the regular substitute assigned.

All of the nurses fall under the supervision of one of the assistant superintendents, although each reports to her individual building principal. The nurses are brought together infrequently to discuss common issues and to exchange ideas. In the 1998-99 school year, one or two meetings were held. The nurses also mentioned that they are required to submit monthly reports to the superintendent's office, but have no idea what is done with these reports. It was suggested to the team that the district might want to consider creating a nursing supervisor position to oversee health practices.

Recommendation:

The team recommends that the district conduct more frequent nursing staff meetings to provide a forum for discussion and feedback and to determine the future needs of the health department.

Two physicians are used as medical inspectors; one for the high school and one for the remaining five schools. All the nurses expressed a high degree of satisfaction with the physicians, both of whom have been used by the school district for a number of years. The district does not seek proposals from other medical providers, but rather, renews the contracts of these two physicians each year. Prior to the 1996-97 school year, the physicians were on the payroll as employees of the district. Effective with the 1996-97 school year, the district entered into all-inclusive professional service agreements with them, paying \$13,100 to the high school physician and \$19,170 to the elementary physician, for a total of \$32,270. This amount has not increased through the 1998-99 school year. The table below compares these costs with those of the comparative districts:

District	Egg Harbor Twp.	Monroe	Lacey	Deptford
Medical Inspector Costs	\$32,270	\$18,500	\$36,125	\$19,933

Recommendation:

Even though the district is very satisfied with the services provided by its medical inspectors and pays less than at least one of the comparative districts, the team recommends that the district seek proposals from other providers to test the market in this area.

Each school is responsible for purchasing its health supplies. The nurses are provided with budget allocations and order from various catalogs. There is no collaboration on purchasing among the schools. In FY1997-98, the district spent a total of \$5,330 on medical office supplies.

Recommendation:

Although the district does not spend a great deal on health office supplies, the team believes there may be a potential for some savings through bulk purchasing. While some required items vary, depending upon the ages of the students, others are required by all, or at least several, of the schools. Tying this recommendation into the above suggestion to conduct more frequent meetings, the nurses could utilize that forum to exchange information about

the various suppliers and products. One nurse, for instance, informed the team that she uses one vendor for all her supplies, because shipping is free if the order is above a certain dollar amount. This amount would be easier to achieve with more participants. Others may have other useful information to share as well.

Driver Education

The Egg Harbor Township School District provides driver education instruction for its students. In their sophomore year, the students receive nine weeks of classroom instruction in driver education theory. Their final examination is the state's written test, on which the students must obtain a score of 80 or better to pass. Upon successfully completing this test and attaining the age of 16, the students are then eligible for behind-the-wheel instruction.

Behind-the-wheel instruction is offered to all eligible students, and consists of three, two-hour sessions, which take place after school hours and over the summer. Approximately 200 students participate each year. The behind-the-wheel instruction is provided at no cost to the students, except for the \$5 permit fee.

One of the high school vice principals is responsible for coordinating the program. Certified teachers provide the instruction, for which they are compensated at the hourly rate set by the teachers' agreement, which in 1998-99 was \$34.57. At the time of the review five teachers were employed in the program. Following are the total salaries paid for driver education behind-the-wheel instruction for the past few years:

School Year	Salaries
1995-96	\$41,706
1996-97	\$0
1997-98	\$39,219

In the 1996-97 school year, funding for behind-the-wheel instruction was cut, and the district charged students \$200 for the instruction, to cover the costs of fuel and the teachers' salaries. This was extremely unpopular with the public, and funding was put back into the budget the following year.

The district owns two vehicles equipped with dual brake systems, which it uses exclusively for this program. Maintenance and fuel costs for the two vehicles average about \$1,760 per year. At the time of the review, the district was in the process of purchasing a new vehicle, at a cost of approximately \$16,000, to replace one of the vehicles, a ten-year old compact model, which had been driven in excess of 100,000 miles. Spreading the purchase cost of two vehicles at this price over an approximate ten year useful life period adds another \$3,200 to the cost to operate the driver education program.

Recommendation:

The review team recommends that the district eliminate the behind-the-wheel component of its driver education instruction. This is a costly program, which is not required for high school graduation. If the district wishes to continue to provide the instruction as a

convenience for the students and their parents, it should again charge for the service to cover costs. Otherwise, the district should eliminate all but the classroom instruction portion of driver education. Estimated savings are based upon 1997-98 salaries and annual vehicle costs as described above.

Cost Savings: \$44,000

Basic Skills Instruction Program

The basic skills program is an instructional program designed to address student needs through remediation, the mastery of specific skills and the pursuit of educational activities and related experiences that will enable the identified students to handle the state mandated core curriculum standards. The program provides eligible students with in-class and some pull-out services. Both methods require interaction and coordination between the classroom and the Title I teachers. Students are identified through the use of standardized tests, in addition to the evaluation of other relevant factors.

In the 1997-98 school year, due to the configuration of the school district, all schools were eligible for Title I funds to supplement the Basic Skills Instructional Program (BSIP). The district reported that fifteen teachers serviced 556 students. Title I, Demonstrably Effective Program Act and local funds supported this program.

In the 1998-99 school year, only the three elementary schools and the intermediate school were eligible for Title I funding. The district reported that the Performance Report indicated 12 teachers serviced 414 students. Title I and local funds in the total amount of \$540,498 supported this program.

Students in the middle school are also given remedial services, which are locally funded. The high school has supplemental teachers for remediation of regular and special students (HSPT classes - Basic Skills classes). These costs were not isolated for review.

It was found that the local funding for basic skills instruction was charged to the regular teachers account. The district has been advised that expenses should be charged to the basic skills teachers' account.

Recommendation:

LGBR recommends that basic skills instruction expenses be charged to the teachers' account in the "basic skills instruction program" line item of the budget.

Parent/Community Involvement

The district has a variety of programs and events that involve parents and the community-at-large. The following is a list of some organizations in the district: Parents' Club, Home and School Association, High School Strategic Planning Committee, and the Strategic Planning Committee for Facilities. The organizations are involved in a variety of activities and district-wide initiatives and projects. During the review period, the following school/community organizations were active:

- School Based Planning Teams
- Short and Long-term Facility Planning
- Selection of Personnel
- Community/Parent In-Service Programs
- Budgetary In-put
- School Volunteer Program
- Educational Foundation Mini-Grants
- Open House
- Community Education Fair
- Net Day
- Numerous Booster Clubs
- Concerts and Dramatic Productions
- Educational Fairs
- College Information Night

To keep parents/community informed about school functions, meetings, community activities, and achievements the district uses newsletters, publications, annual reports, and newspapers. As the Egg Harbor Township School District continues to experience enrollment increases, the community should be informed regarding the short and long-term facilities and educational plans for the district. The vision for the district should be communicated on a regular basis.

The district recently completed an Improving America's Schools Act Assessment Survey - July, 1997, and a Class Size Reconfiguration Survey - May, 1998. The results of the latter survey were instrumental in the district developing and implementing a plan to reduce class size in grades K-3. LGBR believes that the district should continue to utilize this form of communication and share the results with the public.

Recommendation:

LGBR believes that the district should continue to reach out to, and inform, parents and community members of short and long-term facilities and educational plans and the fiscal ramifications of each. This may result in greater support for the district's budget and for facility needs.

Adult Education Program

The Adult Education Program began in 1983 when the district's high school was opened. The district offers public interest, business-related and lifestyle type courses, along with a recreational program, to district residents. A preparatory program for the Scholastic Aptitude Test (SAT) is available to students. Courses are taught at the high school from 6 p.m. to 10 p.m. on various days of the week. The program is funded primarily through user fees.

In addition to participation fees, another source of revenues is advertising. Companies may advertise in the course-listing brochure for a fee. Proceeds from advertisements total approximately \$700 per year.

Class enrollment for the 1998-99 school year was 197 in the fall session and 207 in the spring session. The cost of operating the program and the revenues were as follows:

	Revenues	Operating Expenses	Profit (Loss)
1995-96	\$27,683	\$31,849	-\$4,166
1996-97	\$23,961	\$30,653	-\$6,692
1997-98	\$17,950	\$26,470	-\$8,520
1998-99*	\$16,285	\$24,968	-\$8,683

*Unaudited

The program's expenses exceeded the revenues each year for the last four years. The district has subsidized the program for a total of approximately \$28,000 over the last four years. The program does not offer high school diploma courses, such as tests of General Educational Development (GED). The district refers students interested in this program to the county vocational-tech or the community college.

In July, 1999, the district hired a Community Affairs Director to direct the Adult Education Program as well as the Latchkey Program. Program offerings are being reviewed to meet the needs and interest of the community. An effort is underway to increase revenues or decrease expenses so the program reaches a break-even point.

Recommendations:

The district advertises adult evening school registration in two newspapers. The weekly newspaper is delivered to every resident. The area newspaper is available throughout the county. The district should eliminate advertising in the area newspaper as every resident receives the weekly newspaper.

Cost Savings: \$1,553

The district should consider using in-house printing of the adult evening school brochures.

Cost Savings: \$2,000

LGBR recommends that the district investigate its eligibility for grants to supplement the adult education program, such as, the Adult Education-Basic State Grant or the Adult Literacy Grant. The adult education basic grant is a (continuation) competitive grant. Application will provide funds in FY2002.

OR

The district should review the adult education program offerings and determine cost effectiveness. If the program continues to run at a deficit, it is recommended that this program be terminated.

Cost Savings: \$8,500

MANAGEMENT INFORMATION SYSTEMS

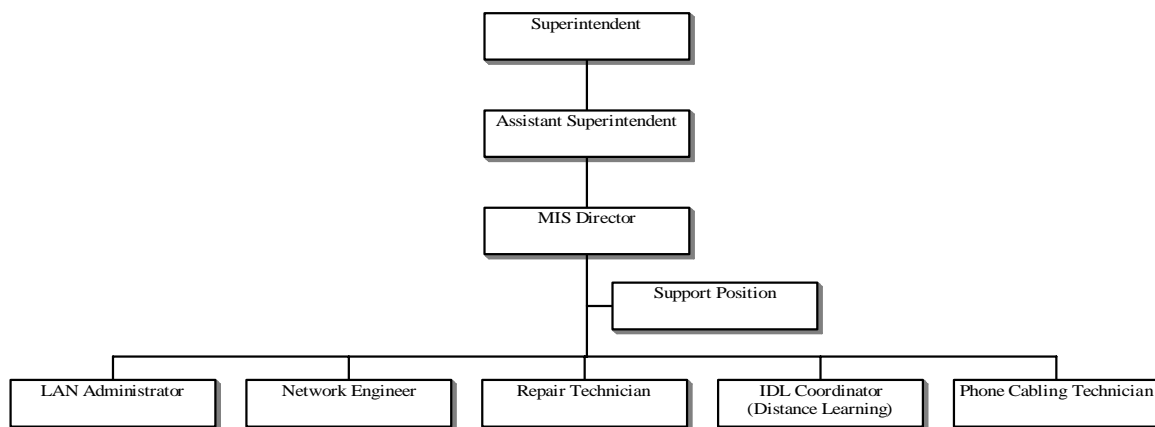
Technology – Office Automation

Technology spans all organizational areas and provides local governments with numerous opportunities for savings. School districts use technology to improve organizational productivity and, as an instructional tool, to prepare students for the future. Egg Harbor Township (EHT) is implementing a multi-year \$1,836,172 technology lease purchase program. The district entered the lease purchase as a solution to its Y2K issues and to raise the level of technology in the district. As a result, LGBR was sensitive to the implementation process as alterations or changes can be costly.

Organizational Structure

The MIS Department has expanded in the last several years. Originally staffed with the current director and one support staff, the department, at the time of the review, had expanded to five individuals. The following chart illustrates the organizational structure:

Egg Harbor Township MIS Organization Chart



The district employs a Certified Network Engineer (CNE) and phone-cabling technicians to provide the necessary expertise to design and wire the district's networks. The Local Area Network (LAN) administrator provides a help-desk service and office support while the repair technician performs general repair and computer services. The Interactive Distance Learning (IDL) coordinator operates the interactive distance learning equipment, focusing on the integration of technology and instruction in the district. The director, whose salary falls within the instructional supervisor scale, supervises these employees. Together, the department represents an approximate 1999-00 salary, plus benefit cost, of \$367,676.

A review of the organization found a level of expertise usually found in companies specializing in a "roll out" of new technology. In these cases, phone wiring engineers and network engineers are required in order to build the backbone of an organization's network(s). These services are often provided by consultants, who perform the specialized task and, subsequently, move on to the next client requesting their specialized services, once the networks are constructed. A company contracting the organization then employs a network administrator providing the access

to a network engineer via outsourcing mechanisms. Additional staff may be required to provide computer repair and support services. Staffing generally depends on the age and usage of the computer system and the expertise of the users, although the team generally feels a staffing ratio of 1:200 computers is acceptable.

The team found the number of staff appropriate to the number of computers. However, once the technology integration project is complete, the district should reevaluate staffing specialization due to the realigning of job responsibilities and salaries, with a post implementation department. For example, once wiring for the networks and phone systems is in place, the district should eliminate the phone wiring technician position, and, also, consider outsourcing the network engineer functions. The newer computers may even allow the reduction of two positions to part-time status. A district-wide work order processing system tracking computer repair, time, parts and labor will aid the district in identifying an appropriate staffing level. In addition, the district should establish an internship program with local colleges to augment staffing needs. Often, college computer departments can supply network technicians and specialists at an internship rate of \$11 per hour.

Recommendation:

EHT is appropriately staffed for the implementation process of a technology “roll out.” Once the district completes the “roll out” of technology, a salary and title survey should be performed to determine if the district should continue supporting highly specialized positions. Furthermore, the age of the technology may even allow the district to employ two part-time computer specialists in place of two full-time positions. Therefore, it is recommended, upon completion of the current technology initiative, the district perform a salary survey and outsource complicated network functions. The hiring of interns will also yield additional savings for the district. Actual savings will depend on the district’s actions and market labor costs.

Cost Savings: \$20,000 - \$75,000

The organization employing highly skilled employees places the district at risk, as staff members are experts in their own related fields and not familiar with other areas of the department. During the extensive interview process we found that this condition exists in EHT. The end result is the inability of the department to address a specific area if the assigned staff member is unavailable or terminates employment.

Recommendation:

The team recognizes that the MIS job specializations are difficult to cross train. This could be resolved if the department were to cross train individuals and develop procedure manuals for dealing with situations when the assigned individual is unavailable. Therefore, it is recommended that Egg Harbor Township cross train employees in the computer department and each individual create written procedures for general departmental use.

Infrastructure

As part of the technology infusion, the district is replacing older token ring networks with new TCP/IP local area networks. Under the token ring network, when one computer crashed, often the entire system crashed. Under the new design, the district creates small local area networks (LAN) then links, via category-5 wiring, to a Wide Area Network (WAN) through a series of hubs and switches. The buildings are then connected via a wireless system or fiber optics determined by location. Within each building, LANs over 300 feet are connected using fiber optic cable. The use of multiple LANs helps the district keep remaining LANs and the WAN operational when there is a problem with one of the LANs.

The district provided the team with an inventory dated January, 1998 listing old non-Y2K compliant technology. The inventory listed a total of 422 computers. The team requested an updated list as ours indicated there were clearly more than 422 computers in the district. However, an updated inventory was not available. In addition, the district could not produce an inventory of computer parts or supplies.

Recommendation:

The district needs to update the technology inventory on a monthly basis. The lack of an updated inventory places the district at risk because of potential inventory loss or a catastrophic event. Therefore, it is recommended that the district update the computer inventory and develop a parts inventory system.

During the tour of the facilities, the team found two rooms housing hubs, routers, switches and network servers, which were without air conditioning. The rooms were quite warm. These conditions can destabilize the system or decrease the life of the hardware. Climate controlled facilities are critical to the functioning status and life of hardware equipment.

Recommendation:

It is recommended the district house computer equipment, especially cabinets housing hubs, switches and servers, in a climate-controlled environment.

Purchasing

Egg Harbor Township employs personnel capable of developing bids and Requests for Proposals (RFP's) detailing specifications for hardware purchases designed to meet the needs of the district. Its highly specialized workforce also eliminates the need for consultants. Avoiding the use of state contract, the district saves up to 30 - 40% on computer purchases. However imprecise, bidding specifications for technology equipment can result in vendors using generic parts in computers. For example, the LGBR team has witnessed the impact on a network when the bid specifications require a \$20 network card in place of a \$50 network card. Inexpensive parts may cause a network to crash. Still, given the massive infusion of technology, the team was impressed by the organizational record keeping skills of the LAN administrator regarding the purchasing and developing of the technology plans outlined below.

Technology Plan

The district has three primary technology plans. The first plan, performed by an outside consultant in October, 1995, was an extensive evaluation of the district, focusing on an instructional and organizational perspective. Funded through a grant, \$15,000 over the 1994-95 and 1995-96 fiscal years, the report was an informational/comparative document about the current technology status of the district providing options and recommendations based on current technology. The team found the extensive report informative, estimating an implementation cost of \$4.7 million over a five year period. It documented a lack of technology infusion, as most of the technology was aging and not Y2K compliant. The district refers to this plan and updates it periodically.

In 1998, the district created a second plan in response to the Y2K issues and identified a general deficiency in technology throughout the district. A committee comprised of district employees, parents, and school associations developed a four-year plan with a projected cost of \$3.5 million. The board downsized the plan to \$1.8 million as outlined in the following table:

Projected Expenditures for Technology Plan

Purchase Type	Amount	% of Total
Hardware Cost	\$1,165,444	63%
Network Cost	\$255,263	14%
Peripheral Cost	\$141,486	8%
Software Cost	\$207,922	11%
Training	\$66,056	4%
Total	\$1,836,172	

Note: Hardware cost may include software expenses related to pre-installed software.

Of the total cost of the plan, the district will fund \$1,219,173 through a three-year lease purchase with the remaining balance of the plan, \$617,000, coming from the general fund in the first year of the lease purchase.

The total cost of the three-year lease, including interest, is \$1,331,298. During the next three years, the district will use \$690,000 of its Distance Learning Grant for part of the three-year lease purchase, as well as, budgeting a total of \$641,298 during the second and third years of the lease.

Description	Amount
Lease Purchase Amount	\$1,219,173
District Contribution	\$617,000
Finance Charge	\$112,125
Administrative Cost	\$8,261
Total Lease Purchase Cost	\$1,956,559

The final plan is a Distance Learning Plan, required to meet the NJDOE requirement for grant funds for distance technology established under the 1996 CEIFA. If approved, school districts receive grant money based on the number of students enrolled. For the 1999-00 school year, Egg Harbor Township received approximately \$210,000, or \$45 per student. Distance Learning money received during the fiscal year 01 and 02 are dedicated to the lease purchase plan.

Lease purchase of computer equipment offers school districts an alternative mechanism for technology infusion. However, there are shortfalls with lease purchasing should the district consider future technology purchases involving similar financing. The associated lease cost of \$112,125 could have provided the district with an additional 100 computers. In addition, the major infusion of technology in a short time span represents a future risk when these state of the art computer systems become obsolete, all at the same time. Careful planning and multi-year budgeting and implementation can save district taxpayers on administrative and finance costs, while minimizing the replacement cost associated with the industry.

According to the district's technology summary, the MIS department projects computer expenditures of \$1,176,437 and \$3,516,824 for the 2000-01 and 2000-02 school years, respectively. Representing another major infusion of technology, the only way the district could fund these initiatives is through lease purchasing. This again exposes the district to the dilemma of a large amount of technology becoming obsolete at the same time. Ultimately, it appears the district may be forced to lease purchasing technology every three years.

Recommendation:

The team recognizes that the district had little choice in selecting the lease purchase plan to deal with Y2K and the lack of technology in the district. It is, therefore, recommended that the district review their technology plan during the budget process and allocate sufficient funds to prevent future lease purchases. It may involve scaling down the district plan or seeking alternative funding, such as, grants or fundraising.

Technology – Business Office

During the review, the district was upgrading technology in the business office. A major upgrade from a DOS base platform to Windows-based software package caused disruption in the workflow. The LGBR team felt much of the turmoil was a result of the migration of data by the vendor and a lack of training on the new software. For example, our request for data involved having the business office access both the old database and new database, since the old data was not converted to the new software. In addition, there were also problems converting the financial payroll data from the old to new software, when only the names were converted, but not the year to date financial information. The team felt better training (see staff development below) and research during the software selection process would have better alerted the district to potential problems in upgrading their business software.

Interactive Distance Learning

During the 1998-99 school year, Egg Harbor Township installed three Interactive Distance Learning (IDL) rooms in the high school, middle school and in the Slaybaugh school, spending \$99,221, \$16,158 and \$2,819, respectively. IDL rooms allow the district to share instruction both internally and externally, providing instruction at multiple locations at one time. It also allows the district to offer classes with other districts that the district would be unable to offer itself. The district installed three dedicated Integrated System Digital Networks (ISDN) for transmission, which are critical to smooth video transmission.

During the 1998-99 school year, the district utilized the system to hold 88 IDL sessions including administrative meetings, career day events, NASA, specialty talks, including lectures by a US Senator and US Congressmen. In addition, numerous colleges and local universities used the facility as a remote conference site, that benefited district students and employees. Beginning with the 1999-00 school year, the district offered German I for high school and middle school students, a Spanish language and cultural class between the district and the Scranton School for the Deaf, a new high school American Studies course, and a combined English Advanced Placement and U.S. History II class with the Middle Township School system.

The team commends the district for an effective IDL initiative and recognizes the efforts of the IDL coordinator.

Internet Access

In 1999, the district offered T1 Internet access to employees and students. The line enters the district through the high school disseminating to remaining district facilities through a wireless Ethernet Wide Area Network (WAN). The topography of the district encourages the use of wireless technology. The district placed towers on the high school, intermediate school, Davenport School, the transportation office and the board office. Slaybaugh and Swift Schools receive access via fiber optic wiring from the transportation building.

At the time of the review, the district was in the process of switching Internet Service Providers (ISP) from a private vendor to the county library. Under the private system, the district paid monthly fees of \$1,400 for the ISP service and \$408 for line charges. Under the county system, the district receives the ISP service for free and pays \$300 for line charges through New Jersey Access. Under the Federal Telecommunications Act 1997 - E-Rate program, the district will receive a \$150 monthly discount on line charges thus reducing the annual cost of the Internet service from \$21,969 to \$1,800. The district reported there was some concern regarding access speed as the district migrated from a direct ISP provider to the frame relay county system; however by Fall 1999, the district had not noticed any major service degradation.

The LGBR team commends the district for saving \$20,169 in Internet access fees.

Home Instruction – Interactive Distance Learning

The district is also preparing to pilot test home IDL by inserting remote video computer units into the homes of students who require home instruction. A teacher from the school then provides the instruction from the IDL lab. Students requiring home instruction receive 10 hours per week of instruction by a teacher, at a potential cost of \$350 a week. A student requiring 90 days of home instruction costs approximately \$6,300.

Under the pilot program, the school district uses an IDL unit, consisting of a self contained video/monitor unit directly linked to the high school IDL unit via a dedicated ISDN phone line, at a cost of \$1,500 for the home unit and \$40 for the phone charges. The district may achieve additional savings by having a teacher instruct multiple students or by placing the IDL instruction unit in the regular classroom. Actual savings depend on the number of students

receiving home instruction, and the total number of days during the school year. For example, a student with chronic problems will need more home instruction throughout the school year compared to a student with a temporary illness.

During the 1998-99 school year, the district registered 43 home bound students ranging from one to nine months in duration. Home IDL promises to offer the district a cost saving mechanism to provide home instruction. The district's use of the community center and multi-looping instructional setting for primary grades may achieve additional savings if three or more students are instructed in the same place thus reducing the need of multiple instructors.

Staff Development

Staff development is the key to successful use of technology and office automation. Employees should receive instruction in the use and integration of technology in the work place. While starting and navigating around a computer and its software instruct employees in usage, integration of technology into the work place requires investment by the district in staff development. Staff development enables employees to work smarter.

The LGBR team generally recommends that districts budget 7 – 15% of the total MIS budget for staff development. Based on the \$1.8 million technology purchase, the district should have budgeted \$128,532 to \$275,425 for staff development. A review of district documents indicates \$54,806 was budgeted and, of that, \$16,521 was for training staff on new student management software, leaving approximately 2% for training.

During our review, staff development regarding technology usage was transferred out of the MIS department and assigned to a new position under the superintendent. Still, our interviews and observations found that, while many of the facilities had new technology installed, numerous people complained about the lack of training on computers and technology usage.

Recommendations:

It is recommended that the staff development department, in conjunction with the MIS department, perform a needs-assessment survey of the district to identify areas in which technology training would be beneficial.

BUSINESS OFFICE OPERATION

Organizational Structure

The business office and the administrative offices are housed in the same building. These offices have undergone some change in the past several years. In 1997, an acting business administrator was appointed until December, 1998, when the board hired a business administrator, currently working in the district.

The business office staff was reorganized several times while the team conducted its review. During the 1997-98 school year, the staff included an assistant board secretary, an administrative secretary, a supervisor of accounting, three bookkeepers, and a payroll clerk/bookkeeper. The

assistant board secretary retired in July, 1999 and it was determined that this position would be terminated. Other reorganizational changes have been made in conjunction with new hires. The director of accounting, a bookkeeper, and a newly hired receptionist were transferred to the superintendent's office to work in other capacities. The business office is now staffed by a new director of accounting, three bookkeepers, a secretary in charge of personnel, a payroll clerk, and a benefits manager. Plans are to hire a replacement receptionist.

Recommendation:

Due to the many changes in the administrative offices, it is recommended that the district formulate an up-dated organizational chart reflecting current staffing, along with job descriptions which reflect current duties and responsibilities.

Technology/Training

The supervisor of accounting acted as liaison between the business office and the computer center. Her computer knowledge allowed her to train support staff in the business office's computer programs. The staff is familiar with Word and spreadsheet programs and the bookkeepers are proficient in the accounting program, which was recently upgraded to a Windows application. However, the majority of personnel records were on cards and handwritten in a notebook. It would be advisable to hold on-going computer program courses for staff members to become more proficient in computer technology. These records could be documented on computer spreadsheets.

Recommendations:

Provide on-going computer program courses for staff members. The courses could be provided by teachers in the district, by the district's evening school program, or an outside company.

Value Added Expense: \$3,000

Payroll

The district recently purchased a new Windows-based payroll computer program. The current system is a DOS-based program. The new payroll program will not be implemented until January, 2000, as there have been difficulties transferring information from the DOS-based program. The staff was cooperative. However, it was difficult to review detailed information regarding employee payroll records such as longevity, overtime, extra pay for stipends, etc. because the information was not itemized. Again, information was on handwritten records or cards. The new payroll system has a personnel module, which is not yet functioning. Computerizing this information would be beneficial to the district for negotiations and budget planning.

Recommendation:

The computerized system for maintaining personnel information should be implemented to facilitate budget projections and for negotiating purposes. The personnel information can usually be downloaded to spreadsheets for other uses.

Policy and Procedure Manuals

Business office policy and procedure manuals provide guidance, minimize the uncertainty of transition when personnel changes occur, and provide clarification for current employees seeking information about a specific operation. Policies and procedures should be reviewed and updated periodically. As part of the business office review, LGBR reviewed district policy and procedure manuals. At present, no written procedures for operations exist in the district. Most of the governance in a school district flows from board of education policies. It is most important that policies be up to date and reflect good organizational practices.

LGBR found the Egg Harbor Township Board of Education policies in need of review. Some review and revision has taken place recently, however, the majority of the policies are in need of updating. Also, adoption and revision dates are not on many of the policies. The district is aware of these deficiencies. At the time of this writing, the district employed the services of a consulting firm to update its policy manual.

Recommendations:

LGBR saw a need to update the policy manual and recommended that a complete policy review be undertaken, using a professional review service or a consulting firm that specializes in such reviews. At the time of this writing, the district did employ a firm to complete this project.

One-time Value Added Expense: \$14,000

LGBR recommends that office managers and supervisors write procedure manuals for their respective offices. The business administrator and superintendent should review the drafts. Final versions should be presented to the board of education for official adoption.

Fixed Assets, Inventory Control

Inventory records are maintained to determine the worth of the district's assets and to enable the district to insure its assets. The district maintains an annual inventory of fixed assets as well as a complete district listing of equipment. A bookkeeper in the business office is responsible for maintaining the inventory list. The computerized accounting program was linked to an inventory program. As each purchase order was paid, any equipment priced at \$500 or more was added to the district inventory listing. A pre-numbered sticker is applied to the newly purchased equipment. When equipment is disposed of, it is deleted from the listing. The recently purchased accounting program, which links purchases to the inventory module of the program, was not yet functioning.

Purchasing

Purchasing is a function of the business office. Two bookkeepers perform the duties under the supervision of the director of accounting and business administrator. The district issues approximately 6,000 purchase orders per year.

Egg Harbor Township School District purchased a DOS-based computer accounting and payroll system in 1993. The system recently has been upgraded to a Windows-based program. The cost

of the new accounting program was \$40,000 and the payroll program was \$10,500. The annual maintenance cost will be \$12,000 beginning in the 1999-00 school year. The maintenance cost also includes a number of training hours.

The computerized accounting module uses an electronic purchasing system that should enable each school to enter purchase orders into the system. Since this function has not been implemented, secretaries have been entering purchase orders in the board office. Each school principal validates the purchase order before it is printed by the business office bookkeepers. The system safeguard allows no purchase order to be saved in the accounting system if the account is over-expended. This safeguard does not exist in the payroll module. If excess funds are required in a line item account, there is a procedure, whereby, a list of transfers of monies needed is submitted to the board for approval at the next meeting. After the board ratifies the transfers, the appropriations are adjusted in the purchasing system and the purchase is executed. Any transfers needed before the board meeting are approved by the superintendent and then ratified by the board at the next board meeting.

The purchasing process is as follows:

1. A requisition is initiated by a staff member, approved by the school principal, and typed by the secretary or bookkeeper directly into the computer system. Each principal has access to a current budget report listing monies available in the individual school's budget.
2. Each school principal has a password to enable him/her to validate the purchase orders originated in each individual school, before it is printed by the business office bookkeepers.
3. Each day, all validated purchase orders are printed in the board office by one of the two bookkeepers.
4. The business administrator and superintendent sign all purchase orders. The department head also signs any purchase orders developed by the facilities or transportation departments. The purchase order is then mailed or processed for payment.
5. The business office prepares a bill list for board approval. After board approval, checks are prepared, signed and forwarded to vendors.

The district requires a completed approval form to authorize all hand checks that must be written between board meetings. The business administrator, superintendent, or assistant superintendent must sign the approval form.

The district is utilizing correct procedure as described by the Generally Accepted Accounting Principals (GAAP) and in accordance with N.J.S.A. 18A:19-1 to 4. The computer system's safeguard for not issuing a purchase order if funds are not available is an effective procedure.

The district utilizes state contract to purchase school supplies. Additionally, the district has a joint purchasing agreement with Pittsgrove Township Board of Education, for the purchase of copy paper. Custodial, science, and various computer supplies are publicly bid each year.

The district has had an inter-local agreement with the Egg Harbor Township municipality for trash pickup for approximately five years. The district pays the municipality \$52,000 per year, which includes rubbish removal from all schools and school-owned buildings. The district pays the municipality approximately \$10,000 less than the lowest bid received approximately five years ago.

The school district is seeking to expand its involvement in sharing services. One of the areas of interest is joining a cooperative program for purchasing energy usage. ACES, the Alliance for Competitive Energy, is an alliance composed of the New Jersey School Boards Association, New Jersey Association of School Administrators, and the New Jersey Association of School Business Officials for the purpose of facilitating the economical group purchase of electricity and energy related services for school districts. There will be no cost to the districts for joining this cooperative. Legislation will ensure a 5% automatic rate reduction for all electric consumers. According to the ACES fact sheet, aggregate bidding will enable districts to further increase their savings by an anticipated additional 5 - 10%.

Electric companies will be bidding on a portion of the cost of kilowatts called the electricity shopping credit. Currently, specific savings cannot be calculated until bidding begins. However, it is estimated that a 6% saving will occur over a four-year period. The district's electricity cost in the 1997-98 school year was \$1,159,609. The automatic 5% savings will equate to a \$58,000 decrease in the district's electricity costs. Each 1% savings through bidding would equate to approximately \$11,000. The new laws relating to energy savings will be established sometime in the fall of 1999.

The district's cost for natural gas during the 1997-98 school year was \$157,623. Since this commodity was deregulated, the district could save dollars by publicly bidding or entering a cooperative purchasing agreement for natural gas.

Recommendations:

LGBR recommends that the school district seek bids or join a cooperative to purchase electricity and energy-related services. Competitive bidding could save the district dollars. Each 1% of electricity expenses saved results in a saving of \$11,000.

Cost Savings: \$11,000

LGBR recommends that the school district bid for the purchase of natural gas. By bidding for the transportation and purchase of natural gas, a savings of approximately 11% may be achieved. However, due to the recent tax assessment on utilities, that savings may equate to 5%.

Cost Savings: \$8,000

LGBR recommends that the district investigate purchasing from the New Jersey Department of the Treasury's Distribution and Support Services. Supplies and materials are available to state agencies at 30% to 50% less than most sources.

Budget

In the 1997-98 school year, the district's approved budget was \$43,769,153, an increase of \$1,630,268 over the previous year's budget. The budget includes the general fund, special fund (restricted funds), and the debt service fund. The voters approved a tax levy for the general fund in the amount of \$17,268,388 and \$3,141,894 in debt service funds.

The district was able to increase its maximum permitted budget by \$882,981, as it was eligible for statutory adjustments, due to changes in enrollment and non-remote transportation costs. In addition, since the budget exceeded its cap, the district proposed a separate question on the ballot. The separate question was approved by the taxpayers in the amount of \$723,122 for the purpose of funding the following programs:

- three elementary teachers and one theatre-dance instructor;
- Driver Education Program;
- clubs, co-curricular and athletic activities in the Davenport School, Intermediate, Middle and High Schools;
- District Technology Plan; and
- asphalt paving at Davenport School.

The funding sources for the school district budget are local taxes, miscellaneous revenues, state and federal aid. In the 1997-98 school year, the district received 51.9% in state aid, 2% in federal aid, 1.5% in miscellaneous revenues, leaving the taxpayers to fund the remaining portion of the budget at 44.6%.

Fund Balance/Surplus

Generally, a district maintains a small percentage of funds in its fund balance (surplus) to guard against possible emergency needs. N.J.S.A. 18A:7F-7, the Comprehensive Education Improvement and Financing Act of 1996 (CEIFA) requires that if a district's unreserved general fund balance (surplus) reaches an excess of 6% of the prior year budget, it must appropriate the excess to the next year's budget for tax relief.

There was no excess surplus in the prior year budget; therefore, the district was not required to appropriate any funds to the 1997-98 budget. However, according to the New Jersey Department of Education Comparative Spending Guide, Egg Harbor Township School District exceeded the 6% cap on surplus in the amount of \$410,160 (1997-98). Excess surplus generated in the 1997-98 school year was appropriated in the 1999-00 school district budget as required by statute.

According to the district's CAFR, the following is a table of the district's fund balance over the past three years:

7/1/95	Beginning Fund Balance	\$3,997,690
1995-96	Deficiency of Revenues under Expenditures	-\$1,258,417
6/30/96	Ending Fund Balance	\$2,739,273
7/1/96	Beginning Fund Balance	\$2,739,273
1996-97	Excess of Revenues over Expenditures	\$670,309
6/30/97	Ending Fund Balance	\$3,409,582
7/1/97	Beginning Fund Balance	\$3,409,582
1997-98	Excess of Revenues over Expenditures	\$1,798,869
6/30/98	Ending Fund Balance	\$5,208,451

A district's ability to estimate surplus is an outcome of sound financial controls. These controls help to ensure that adequate monitoring exists to achieve accurate revenue and expense estimates. The table above indicates that the district had a deficiency of revenues under expenditures in the 1995-96 school year. In the 1996-97 and 1997-98 school years, the district had an excess of revenues over expenditures, a result of both an over-estimating of expenditures and understating revenues.

Revenues

According to the CAFR, in the 1997-98 school year, actual revenues exceeded the budgeted amount by over \$600,000, as follows:

- Interest Earned: The district did not budget for this revenue. On June 30, 1998, the district earned \$299,582.
- Miscellaneous: The district estimated \$41,000 receivable and actually received \$293,289, a difference of \$252,289.
- Tuition: The district did not budget for tuition receivable. On June 30, 1998, the district had received \$81,719.

Expenditures

- In the 1997-98 school year, budgeted general fund expenditures were \$39,499,805 with actual expenditures amounting to \$37,498,656, an under-expenditure of \$2,001,149.

Recommendation:

LGBR recommends that the district anticipate its revenues and expenditures with more accuracy. A more precise calculation and better planning would prevent the accumulation of excess surplus funds and would, ultimately, result in providing tax relief.

Audit Recommendations

In compliance with N.J.S.A. 18A:23-4 and 18A:23-5, the district must approve a corrective action plan addressing the auditor's findings and submit it to the Department of Education.

The audit reveals several findings in the 1997-98 school year. In the area of financial planning, accounting and reporting, the district neglected to withhold FICA tax on a new employee, a 941 tax reporting form did not reconcile with the deposits, and minutes did not include reasons when a contract was not awarded to the lowest bidder. It was also found that tuition and transportation payments and contracts did not agree. The auditor recommended that unexpended bond proceeds in a capital project account be transferred to the general or debt service fund. Two reports, the Application for State School Aid (ASSA) and the Pupil Transportation Report (DRTRS) did not correspond with the district's records. Corrective action was implemented on all findings, appropriately approved at a board meeting, and a report was submitted to the Department of Education as required. There were no prior year findings repeated.

Cash Management Plan

According to the CAFR, the district has adopted a cash management plan, which, in accordance with N.J.S.A. 18A:20-37, requires governmental agencies to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA).

Treasurer of School Monies

According to N.J.S.A. 18A:17-34 to 36, the treasurer holds, in trust, all Local Educational Agency (LEA) moneys, keeps a record of all monies received and expended, and reports to the board monthly giving a detailed account of all receipts and expenditures. The treasurer provides a control mechanism with the district. The Report of the Treasurer (Form A-149) is a summary of cash activity of all accounts by fund. The treasurer in Egg Harbor Township reconciles all of the district's bank accounts, including athletic and student accounts.

The district's treasurer is an accountant in a nearby firm. He has been employed by the district for approximately 2½ years. Payment is made by voucher according to contract terms. The hourly rate during the 1997-98 school year was \$50. The treasurer received a total payment of \$9,038 for his responsibilities in the 1997-98 school year. An increase of \$10 per hour was given in the 1998-99 school year, plus reimbursement for expenses such as postage, faxes and copying. Although the contract terms are reasonable, this method of payment does not allow for a limit on the maximum paid to the treasurer. The treasurer receives monthly disbursement and receipt reports from the board office. The treasurer's reports are computerized and are submitted promptly.

Recommendation:

The treasurer's contract indicates an hourly fee without an annual maximum. LGBR recommends that the treasurer be paid a total fee for the school year to ensure limitation for this expense.

Banking Relationship

The Egg Harbor Township School District solicited proposals for its banking services in 1997. The district entered a two-year formal agreement, that specifically outlines its services. According to the proposal, the previous banking arrangement gave the district a yield of 3.74% on its average collected balance. The present contract specifies that interest will be paid on the full collected balance in all accounts, with an interest rate based on its average federal funds rate less one half of one percent. According to the bank's proposal, the interest earned during the 1997-98 school year would have resulted in a 30% increase over the previous banking arrangement. The bank charges no service fees or requirements of compensating balances on any account.

The bank provided the district with a software program to allow on-line access to accounts, transfers between accounts, account direct deposit of payroll to any financial institution and e-mail. The district reported that it has not been using the software but, is receptive and will be obtaining a training session to accomplish this task.

The district's relationship with the bank is an effective one. The district should be commended for seeking proposals to improve its financial interest.

Recommendation:

LGBR recommends that the district take advantage of the software program to obtain current balances on accounts and enable it to transfer funds as needed. This would also allow a daily monitoring of the district's cash flow and wired receipts.

Cash Flow

The assistant business administrator and a board office staff member monitor the bank account balances.

General Operating Cash Accounts

The district maintains the following checking accounts used for general operating purposes:

- 1) general fund;
- 2) payroll;
- 3) payroll agency;
- 4) unemployment trust;
- 5) food service;
- 6) petty cash; and
- 7) workers' compensation trust fund.

The district was self-insured for workers' compensation and has a related bank account to pay for past unsettled insurance claims.

Debt Service Funds are invested and the funds will be expended according to the purpose for which they were intended.

Investments and Interest Earnings

While in the previous banking relationship, the district had an arrangement with the bank for investing in repossession certificates. Since contracting with the current bank, no investments have been made. Interest is earned on all accounts at a rate of half a percent below federal funds.

A calculation was done comparing the actual interest received by the district to the estimated potential earnings from the New Jersey Cash Management Fund (NJCMF). The 1997 actual interest earnings recorded were \$374,717. Consideration was given to the fact that the school district must keep funds available for its monthly obligations and that the district receives services at no cost from the district's depository such as supplies, electronic fund transfers, online banking and employee banking privileges, which are not available from NJCMF. The team determined that the district was successful by bidding for financial services.

Recommendation:

LGBR recognizes that the district is obtaining maximum interest earnings. However, it is always in the district's best interest to investigate high interest investment instruments to invest that portion of its funds that are not required to pay monthly obligations.

Student Activity Accounts

The district has an account that encompasses a kindergarten through eighth-grade student activity fund, a high school activity fund, and an athletic fund. Accounting for individual activities within the funds is done by one of the bookkeepers in the business office. Revenues are generated through fundraising events, admissions to club and sporting events, and yearbook sales.

Graduated Class Accounts

The district maintains class account funds dating back to 1985. The total amount in these accounts was \$12,529 as of June 30, 1998. There has been little activity in these accounts over the last few years.

Recommendation:

LGBR recommends that policy be generated to limit the length of time the district keeps the graduated class account funds. Record keeping for these accounts is time consuming and unnecessary. A reasonable time to hold these accounts before closing them would be three years.

Scholarship Accounts

The district is responsible for two scholarship funds: the Richard Stretton Scholarship Fund and the Matthew Jason Higbee Scholarship fund. One of the funds holds only \$10 and has no activity. It is recommended that this account be closed. The other fund receives its revenues from family donations. Each year a scholarship is given to selected students who apply and qualify for these scholarships. The funds are invested in an interest bearing savings account. The remainder of the scholarship funds is administered by the Egg Harbor Township Education Foundation described in the best practices section.

Recommendations:

LGBR recommends that the scholarship account with the small balance be closed since it is no longer active. The active scholarship fund should be invested in a high yield investment vehicle since there is very little activity throughout the year. Another option would be to combine these funds with scholarship funds handled by the Education Foundation.

LGBR recommends that guidelines and procedures be established for the scholarship funds. Specifically, explicit provisions should be established for awarding the scholarship and outlining plans for the perpetuity or closure of the funds.

Long-Term Debt

The Egg Harbor Township School District is comprised of three elementary schools, one intermediate school, one middle school, one high school, and an administration building. In addition, the district has a bus maintenance facility and a maintenance building. The district also owns three other buildings which are currently closed; Scullville School, Steelmanville School and West Atlantic City School. The district is seeking to sell the Scullville and West Atlantic City Schools.

As explained in the community overview section of this report, a large area of Egg Harbor Township has been designated as a high growth region by the state, in order to limit growth in the nearby Pinelands Region and to protect natural resources and water supplies. A significant number of applications for home building has been approved in the district. This has necessitated the need for additional classroom space in the school district. The district's enrollment is growing significantly, as is indicated in the following chart, and this pattern of growth is expected to continue:

Fiscal Year	Average Daily Enrollment*	Increase	Percentage of Increase
1998-99	*5,401	451	9.1%
1997-98	4,950	154	3.2%
1996-97	4,796	111	2.3%
1995-96	4,685	137	2.9%
1994-95	4,548	134	3.0%

*Source: 1999-00 Budget Statement estimated on-roll student enrollment.

In 1989, the district chose to fund the construction of the middle and intermediate schools by entering into lease-purchase agreements. Certificates of participation for \$39,319,373 were issued. The interest rate was 6.8% to 7.65%, with final payment to be made in 2011.

In September, 1993, the voters approved a \$40,500,000 referendum, payable over 19 years. The referendum provided for the sale of bonds and provided for the prepayment of a lease purchase agreement of March, 1989. The proceeds of the bonds will be used to purchase the leasehold interests in the district's intermediate and middle schools and the bus maintenance facility and to terminate the outstanding certificates of participation of 1989, issued to finance the construction of these facilities. Interest is paid semiannually at a rate of 4.75% per annum through 2-15-11 and at 4.80% per annum for the final year.

In November, 1993, the district adopted a refunding bond ordinance for outstanding general obligation of 1988 in the amount of \$5,445,000. Annual interest rates range from 4.10% to 4.75%. Payments will conclude in the year 2003.

Debt service is the accumulation of resources for payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs. The district receives debt service funds from the state. Along with tax revenues, the debt service funds are used to pay for the debt incurred for school construction.

The district formed a Strategic Planning Committee in 1998 for the purpose of studying and making recommendations concerning the need for additional instructional space in order to address the growing school population, without sacrificing class sizes standards. The committee consists of thirty members from the community and includes board members and administrators.

In the 1997-98 school year, the district class configuration was a modified Princeton Plan; all kindergarten students attended the Swift School, grades 1-2 attended Slaybaugh School, all grades 3-4 students attended Davenport School, etc. In the 1998-99 school year, a short-term plan was implemented to decrease class size. The three elementary schools each housed kindergarten through third grade students, thus making them “neighborhood” schools. At the time of this writing, another short-term plan will be implemented for the 1999-00 school year in order to alleviate the large classes due to the continued community growth. The district will be obtaining modular buildings to provide additional classroom space.

Long-term goals are to increase the size of the existing schools and to construct an additional school. The CAFR indicates that the district’s outstanding debt issues on June 30, 1998 included \$36,415,000 of general obligation bonds, with an available borrowing margin of \$21,854,956. This may limit the district’s options. The municipality may transfer a portion of its bonding capacity to the school, if it chooses to do so.

The district will have to make decisions as to where the future will lead them. The district has been responsive to the needs of the community in forming a committee to address the increasing number of students.

Recommendations:

LGBR agrees with the district that the sale of the two oldest schools, built in 1915 and 1929, would produce one-time revenue and reduce the liability of owning unused buildings. The estimated value of the land is \$200,000.

One-time Revenue Enhancement: \$200,000

Computer Lease Purchase

The district entered into a three-year lease purchase agreement on May, 1999 to finance a technology upgrade. The total project was estimated at \$1,836,172. The board is providing the down payment of \$617,009 and financing \$1,219,172 at a 4.3% rate.

The district has purchased a substantial amount of state-of-the-art equipment. Costs to lease equipment include legal fees of \$5,261 and financing costs of \$3,000. This subject is discussed further in the technology section.

Grants and Funded Programs

In the 1997-98 school year, Egg Harbor Township School District received \$930,000 in federal funds and over \$22.8 million in state aid and grants. The majority of state funds, \$21.7 million dollars, are applied to the general fund budget. The remainder of the state funds and all of the federal funds, \$1.1 million dollars, are restricted and are required to be expended in accordance with the grant applications and approvals.

The administration of grants is divided among several staff members. The IDEA grants are written and administered by the director of special services, several other grants are administered by the guidance department, and the newly hired supervisor of grants and federal programs administers the Consolidated Grant and Nonpublic School Aid.

Federal Grants

Consolidated Grant – Title I Part A, Title II - Eisenhower Professional Development State Grants (IKE), Title IV - Safe and Drug-Free Communities Act, and Title VI - Innovative Education Program Strategies are submitted through the Improving America's Schools – Consolidated Grant. The Supervisor of Grants administers this grant.

Title I, Part A Grant - This grant provides instructional assistance to students in high-poverty schools to enable them to meet performance standards. Grant monies are determined by the at-risk population as a percentage of the total enrollment and given to the district. However, the monies can be spent only in those schools that are eligible because of high numbers of at-risk population. In the 1997-98 school year, all the district's school's were eligible to receive Title I funds due to the configuration of the grades. In the 1998-99 school year, the district changed the grade configuration and the funds were distributed to Swift, Slaybaugh, Davenport and the middle school. The district contracts with a consulting firm to prepare the eligibility lists for Title I student services and to analyze test data. An extensive evaluation report is prepared for the district.

Title I Part A Grant Funding:	1997-98	\$426,006
	1996-97	\$243,650

It should be noted that increased dollars were made available for this federal grant and school districts received more money in the 1997-98 school year than the year before. In addition, discretionary funds were made available to the district and the number of students at poverty level increased. It is for these reasons that the district's entitlement increased by 75%.

IKE Grant – This grant provides funds to develop and implement teacher education programs for the improvement of teaching and learning through high-quality professional development activities in core academic subjects. In the 1997-98 school year, the district installed cables and antennas for a wide area network. The district's nonpublic schools received \$768 of this grant for the purchase of instructional equipment.

IKE Grant Funding:	1997-98	\$15,522
	1996-97	\$13,508

Title VI, Innovative Education Program Strategies Grant – This grant provides for assistance in areas of technology, improvement of thinking skills, gifted and talented programs, and other areas consistent with Goals 2000, Educate America Act. The district expended these funds for the purchase and installation of a tower and antenna for wide-area networking. Wide-area networking allows for distance learning teaching from within the district as well as from area schools and colleges. Also, access to the Internet was made available to the students and staff.

Title VI Funding:	1997-98	\$17,995
	1996-97	\$15,859

Title IV – Safe and Drug-Free Communities Act – Funds from this grant support drug and violence prevention programs in public and non-public schools. Federal funds for school districts were increased in the 1997-98 school year.

Title IV Funding:	1997-98	\$46,159
	1996-97	\$18,223

Special Education Grants - The district received \$474,108 through the Individuals with Disabilities Education Act – Part B (IDEA Part B) and IDEA Part B – Preschool Flow-Through. IDEA-B Basic Flow-Through Grant is used for the excess cost of providing appropriate education for children with disabilities and to initiate, expand, or supplement special education and related services for children ages three through twenty-one. IDEA-B Preschool Flow-Through is similar and provides support for children ages 3 through 5.

IDEA Grant Funding:

IDEA Part B	1997-98	\$460,600
	1996-97	\$401,580
IDEA Preschool	1997-98	\$45,260
	1996-97	\$50,920

Carl Perkins Vocational Grant – This grant funds the improvement of education programs needed to work in a technologically advanced society.

Carl Perkins Vocational Grant Funding:	1997-98	\$12,523
	1996-97	\$11,825

State Grants

Non Public School State Aid - In the 1997-98 school year, there were two non-public schools in the district. One of the schools relocated out of the district at the end of the school year. Non-public school aid provides funding for textbooks, auxiliary, handicapped and nursing services. This district contracts its non-public auxiliary and handicapped services with Gloucester County

Special Education Services School District to provide Chapter 192/193 services. In the 1998-99 school year, professional services were provided to 355 students at a cost of \$135,834. These services included compensatory education, English as a Second Language, supplemental and speech instruction, child study team evaluations and transportation.

Non Public School State Aid Funding:	1997-98	\$286,993
	1996-97	\$214,889

State Childcare - This grant is provided by Educational Information and Resource Center (EIRC) of New Jersey. The monies fund informational programs for the Child Assault Program (CAP).

State Childcare Funding:	1997-98	\$2,630
	1996-97	\$2,363

Worklink - This Department of Education grant provided funds for the implementation of the Worklink Program. The funds were used to purchase hardware and software and provide training for assessing students' job skills.

Worklink Funding:	1997-98	\$10,000
	1996-97	\$0

Technology Grant – This grant provided the district with a computer, with a CD writer, for the administrative office.

Technology Grant Funding:	1997-98	\$3,861
	1996-97	\$38,673

Other Grants

Summer Youth Employment Training Program (SYETP) provided the district with \$8,620 for the training and placing of students in the job market.

School-to-Careers, Cadre II grant – This grant provided \$4,007 to form a partnership with the host district, Mainland Regional High School District, and area districts to fund a School-to-Careers training program.

Atlantic, Cape May (Private Industry Council) PIC Transition–JOB CONNECTION – Monies from this source, \$10,178, are received from the Job Training Partnership Act (JTPA). Twelve special education students participated in a year round job program. The summer program benefited sixty students. The students worked in the school district as secretarial aides and, also, in the local public works and police departments and local food establishments. The funding supports the student stipends, wages and taxes of training program staff and student transportation costs. Monies from this grant fund salaries of students who construct the entrepreneurial carts through the Eagle Enterprise Program described in the Best Practices section.

Project SEEK – The monies from this program fund a teaching guide prepared by the district and made available to area districts. The guide prepares teachers to assess and train students for entry-level employment. The booklet is paid for by advertisements from Atlantic City casinos.

Certain grants allow for carryover of unexpended funds into the next school year. Other grants require unexpended funds to be returned to the grantor. The district returned a small portion of monies to the grantor at the end of the term of the grant. For the year ending June 30, 1998, the district returned \$134 to federal grantors and \$8,403 to state grantors. The administrators of the grants receive periodic budget reports in order to keep informed of monies expended and available cash in the line item accounts. The new computer system will allow access to the budget reports at all times.

Recommendations:

LGBR recommends that the district investigate its eligibility for additional grants available particularly AmeriCorps, Evening School for Foreign Born Residents, Adult Literacy, Adult Education, and any grants relative to the “Welfare to Work” program.

In order to take advantage of other grants available, the district should frequently visit the New Jersey Department of Education web site (www.state.nj.us/education), the United States Department of Education web sites (www.ed.gov/inits.html) and (www.ed.gov/funding.html), and the joint DCA/DOE REDI and REAP shared services incentive programs at www.state.nj.us/redi for current information on available grant programs. These web sites provide an excellent source of information for schools to obtain additional grants, if qualified.

INSURANCE

Health Insurance

The Egg Harbor Township School District is a participant in the New Jersey State Health Benefits Program. The health plan is provided by the board of education at no cost to the employees. Approximately 700 employees participate in the State Health Benefits Program. Approximately 78% of the employees have coverage other than single. Annual individual employee premium costs range from \$1,832.88 for a single employee covered by New Jersey Plus (Managed Care) to \$6,374.16 for a family covered by the traditional plan. The district's total annual cost for the 1998-99 school year will be approximately \$2,538,000.

In order to contain costs and induce employees to make individual economic decisions on health benefit choices, negotiating some of the cost containment would be a viable solution to the rising cost of employee benefits in the district.

Contract recommendations regarding health benefits will be addressed in the collective bargaining section.

Dental and Prescription Insurance

The district, at no cost to the employees, provides dental and prescription benefits. In reviewing old district policies, it was found that the district had a cap on the board share of the prescription premium. Specifically, beginning in July, 1980, the policy stated that the board would pay premiums to a maximum amount of \$110 per year for employee and dependent coverage for a prescription drug program. Sometime later, the board share was raised to \$250 per year for the prescription drug program. Article XVIII, A, 4 of the Negotiated Bargaining Agreement indicated that the board would pay the full annual rate of premium beginning July, 1987. Article XVIII, A, 5 indicated that the board paid the premium for the dental insurance program for each teacher up to a maximum of \$150 and beginning July, 1988, the board would pay the full annual rate of the premium for the teacher and for dependent coverage.

In the 1998-99 school year, the annual cost to the district for dental and prescription premiums are as follows:

	Dental	Prescription
Single	280.80	461.88
Member & Spouse	479.04	1,235.04
Family	793.44	1,235.04
Parent and Child	479.04	622.68

The district's annual premium cost for the dental program for the 1998-99 school year will be approximately \$418,000 and the prescription program approximately \$694,000.

The dental plan provides employees with a \$1,000 per year maximum benefit. Payment is made according to a customary and reasonable fee. There is no annual deductible. The prescription plan provides that the employees pay \$10 for each prescription. It was increased from \$5 in 1997. A mail-in prescription program is available to employees at a \$10 cost for a 90-day prescription.

Contract recommendations regarding the dental and prescription plans will be addressed in the Collective Bargaining Section.

Property and Casualty Insurance

The district recently hired a new business administrator, who decided to look at whether the district was getting the best value in the property and casualty market. The broker for the district had placed the majority of the property and casualty insurance in a joint insurance pool and recently changed the workers' compensation coverage to another company in order to try to bring those costs under control.

The insurance pool is competitively priced compared to the proposals that the district solicited. However, the coverage had several deficiencies compared with several of the proposed plans. The district was not provided coverage for certain claims under their Errors & Omissions policy. 90% of claims in this area for New Jersey schools are either special education related or are in areas where the litigant is seeking non-monetary relief.

The comparison of coverage did reveal, with the exceptions noted above, that the district is adequately covered for most property and casualty related claims. The major concern that the review team had was the high experience modification that the district has with workers' compensation. The experience modification indicates that the district is significantly below average. This measures the district's safety performance against other school districts on a performance basis.

In order to improve its workers' compensation experience modification, the district needs to become more safety conscious. In order to improve safety in the workplace, the review team made the following recommendations to the business administrator:

1. Establish a district-wide safety committee, which includes representation from the custodial staff, vehicle maintenance, cafeteria staff and transportation staff.
2. Establish a district safety plan.
3. Automate the tracking of injuries to accommodate safety plan formulation.
4. Use the information about types of injury and locations to reduce future injuries of the same type.
5. Have safety inspections conducted regularly by supervisory staff and the insurer to make the district a safer place through time tested mitigation techniques.
6. Implement the suggestions of the safety inspections, when practicable, in order to prevent future injury.
7. Establish policies and procedures to get the injured worker back to work as soon as possible. (The district already has light duty policy in place, but hasn't regularly implemented it).

FACILITIES & OPERATIONS

Security

The security measures employed by the district are appropriate but minimal. There are no security guards but, in some schools, staff members are assigned hall duty. At all of the schools the district follows a procedure where all doors are locked with the exception of the main door. All schools also display signs at the main entrance requiring all visitors to report to the main office. Also included on some of the signs is a warning that if you don't report to the main office you are trespassing. Due to school security problems on the national level, the district should review all security measures at the schools and make the necessary revisions, if warranted.

All schools in the district are used by the school district and by outside groups on a regular basis during the week, and sometimes, on weekends. The district should also review safety and security measures employed for after school use.

Recommendation:

The team recommends that the school district review all safety and security measures in the district to determine if revisions or modifications are needed.

Facilities Management

Overview

The Egg Harbor instructional facilities consist of approximately 819,971 square feet of space in six schools. The general observed condition of the facilities is good, given the age of the buildings.

School	Type	Enrollment (Oct 98)	Square Footage
Swift	K-3	376	42,169
Slaybaugh	K-3	787	52,824
Davenport	K-3	620	89,718
Intermediate School	4-6	1027	152,735
Middle School	6-8	969	225,794
High School*	9-12	1360	256,731
Total		5,139	819,971

*Including the Field House

Custodial Staffing

As part of the review process, to identify potential cost savings within the district, the review team identified custodial staffing needs using an objective, quantitative, multi-step process based upon the size and use of each facility. The process consisted of:

- Reviewing the district's existing work and time standards for the various cleaning tasks within each school facility.
- Reviewing the custodial labor contracts to determine the number of man-hours within a negotiated workday and then reducing the workday by an inefficiency/rest allowance factor of 25%.
- Obtaining floor plans of the facilities and inserting task data into the following matrix adopted from The Custodial Staffing Guidelines for Educational Facilities, published by The Association of Higher Education Facilities, and Officers and Good School Maintenance, published by Illinois Association of School Boards, to determine total cleaning time for each facility.

Typical School Areas	Average Size Sq. Ft.	Cleaning Time in Minutes
Cafeteria	10,000	150
Classrooms	1,200	15
Corridors	1,000	5
Entrances	112	5
Gymnasiums	10,000	45
Laboratories	324	20
Library/Music	15,000	30
Locker Rooms	1,960	25
Offices	1,200	8
Offices with Carpet	1,200	12
Restrooms	150	20
Shops/Art/Home Economics	1,200	30
Stairways	N/A	8
Teacher's Lounges/Cafe	1,200	20
Auditorium	10,000	150
Multipurpose/Gym/Cafe	10,000	210
Multipurpose	2,400	40

Note: During the review process adjustments are made based upon the actual size of each room/task in each school.

- Dividing this total of minutes by the total man-hour minutes available (after adjusting by the inefficiency factor). The result is the headcount needed to clean the facility.
- Comparing actual and computed employee counts to determine if any staffing adjustments could be recommended.

The review team completed the above analysis for each of the Egg Harbor schools to determine the appropriate custodial staffing required to perform night cleaning, in addition to establishing daytime requirements for basic (statutory) boiler maintenance and porter services.

During the period of review, the Egg Harbor Schools had six lead custodians, who supervise the custodial staff and perform minor repairs, and 44 custodians, who provide daily porter services and evening/night cleaning of the schools as follows:

School	Lead Custodian	<i>Custodian</i>	Total Custodial Staff
Swift	1	3	4
Slaybaugh	1	5	6
Davenport	1	4	5
Intermediate School	1	9	10
Middle School	1	9	10
High School	1	12	13
Floaters	0	2	2
Total	6	44	50

As a result of the review team's analysis, it was determined that the current level of staffing and shift assignments were consistent with those recommended by the time and task analysis. Accordingly, no reductions in staff or shift changes are recommended.

However, during the review process it was observed, and supported by feedback from faculty and staff, that the schools were not being cleaned to an acceptable standard. For the 1999-00 school year, subsequent to the completion of the review team's school inspections, the district hired a new director of buildings and grounds. As a result of the new director introducing performance reviews, a training program and standards for custodial staff, a marked improvement in the quality of cleaning has been reported.

In addition, the district has initiated action to separate lead custodians and custodians from the same collective bargaining agreement as a way to control and enforce quality standards. The district is encouraged to continue to pursue management and work practices that guarantee the highest level of cleaning possible, without incurring additional costs to the district.

Recommendation:

The district should continue to provide training and performance reviews and monitor performance standards for custodians to improve the level of cleanliness in schools at current staffing levels.

Cost of Operations

The review process for identifying potential cost savings within school districts' Comprehensive Annual Financial Reports (CAFR's) consists of the following:

1. Performing a square footage analysis for the district and comparing the cost per square foot against regional benchmarks and other school districts reviewed by Local Government Budget Review teams. (For regional benchmarking, the review team utilizes the *American School and University (ASU)*, a national publication for facilities, purchasing and business administration. The ASU performs annual maintenance and operations surveys of school districts around the country. They provide reports on the cost to operate schools including payroll, outside contract labor, gas, electricity, heating fuel, equipment and supplies etc. on a regional level. (Region 2 includes New York and New Jersey).
2. Identifying and investigating budget lines and accounts that appear to be high in relationship to regional benchmarks and/or other districts.
3. Providing additional recommendations based upon "best practices" (programs and/or efficiencies identified in other school districts or municipalities that may be applicable in Egg Harbor Township).

The following table summarizes Egg Harbor's cleaning, maintenance, grounds and utility costs per square foot for the 1997-98 school year.

Category	Expense \$	Expense \$/Sq. Ft.	Expense \$/Sq. Ft.
	<i>Egg Harbor</i>	<i>Egg Harbor</i>	<i>OCT 97 ASU</i>
CLEANING			
Salaries	1,317,076	1.61	1.81
Overtime	48,031	0.06	*
Supplies	74,701	0.09	*
<i>Subtotal – Cleaning</i>	1,439,808	1.76	1.81
MAINTENANCE			
Salaries	259,878	0.32	.52
Overtime	2,117	0.00	*
Supplies	122,561	0.15	.27
Contracts	235,969	0.29	.35
Misc.	9,357	0.01	N/A
<i>Subtotal – Maintenance</i>	629,882	0.77	1.14
Total Cleaning and Maintenance	2,069,690	2.53	2.95

GROUNDS			
Salaries	178,637	0.22	.27
Overtime	745	0.00	*
Supplies	33,240	0.04	.08
Contracts	9,313	0.01	*
Total Grounds	221,935	0.27	.35

UTILITIES			
Natural Gas	157,623	0.19	.40
Electricity	1,160,349	1.42	.70
Subtotal-Gas/Electric	1,317,972	1.61	1.10
Water / Sewer	31,334	0.04	.18
Other Fuel	34,718	.04	.27
<i>Total Utilities</i>	1,384,024	1.69	1.55

Total Maintenance & Operations	3,675,649	4.49	4.85
Insurance	121,540	0.15	.13
GRAND TOTAL	3,797,189	4.64	4.98

Source: 1997-98 Comprehensive Annual Financial report (CAFR)

*ASU does not break out overtime cost from salaries, reports custodial and maintenance supplies together and all contracts under maintenance.

All of Egg Harbor's categorical expenses are below or near ASU benchmarks, with the exception of utilities. The district's gas and electricity expenses are approximately \$.51 higher per square foot than the ASU regional benchmarks (\$1.61 versus \$1.10 per square foot). However, these

expenses are consistent with other district's reviewed by LGBR staff in the South Jersey Gas and Conectiv Energy service areas. The district is commended for maintaining and operating their facilities at a cost that is below regional benchmarks.

Work Order System

The district does not maintain an effective work order system to track, schedule, assign, and plan facility related work. In districts such as Egg Harbor, a work order process can easily integrate the requirements of cleaning, maintenance (both contracted and in-house) and grounds with the scheduling and use of facilities, which will help control the use of overtime. The planning and scheduling of work should allow the district to reduce custodial, maintenance and grounds supply cost (\$230,502 in 1997-98) by up to ten percent. It can also provide regular reports to school principals on the status (and prioritization) of open work orders.

The district could either purchase or internally develop a simple computerized work order system to meet these goals. The district could develop an internal database with associated training for district staff.

The district expended approximately \$51,000 for overtime during the 1997-98 school year, most notably for custodial staff (\$48,000 or four percent of custodial salaries). A review of overtime expenses did not indicate any patterns of abuse, and the district makes excellent use of reassigning staff among schools to cover daily absenteeism. With the implementation of a work order system, and integration with a school use permit process, the district should be able to track and monitor overtime to further reduce expenses. However, given the current level of expense, the team did not feel it could predict any additional savings at this time.

Recommendation:

Implement a computerized work order process for the planning and scheduling of work and coordination of school usage. Improved efficiency should help decrease overtime expenses for custodians and reduce material cost by ten percent.

Cost Savings: \$23,000

TRANSPORTATION

Due to its size, the district operates a large student transportation operation. The district, which encompasses a total landmass of 67.27 square miles, is made up of three separate areas. This fragmentation only adds to the difficulty of efficiently moving a large student population. The transportation unit, which is located to the rear of the Swift Elementary School, consists of one large building, which houses both the administrative office and repair bays.

A director of transportation is responsible for the daily operations of the unit. The director supervised a total of 100 employees; four office personnel, one office aide, six garage personnel

and 89 drivers (73 contracted, 16 substitutes). The 1997-98 salaries, excluding benefits, totaled \$1,608,032. The director takes a hands-on approach to managing the unit and has developed a set of outstanding written policies pertaining to transportation.

The district owns 133 vehicles of which 108 are buses. Ninety-five are 54 passenger and 13 are of the mini-bus class. The remaining 25 vehicles are used by staff working in various departments, i.e., custodial, building maintenance, driver education and vehicle repairs. During the 1997-98 school year, the district's buses made an average of 422 runs daily, accumulating approximately 1,307,000 miles on daily routes and approximately 47,000 miles on educational and athletic trips for a yearly total of 1,354,000. For this school year the district's vehicle utilization was 1.46 and had a percentile ranking of 93.

On a daily basis, the unit provided transportation for 3,724 students to in-district schools, 307 students to non-public schools, 848 special education students and 615 courtesy-bused students. The district classifies most of its roads as hazardous, due to the fact that the majority of the streets in the district do not have sidewalks and would pose a hazard to children walking to and from school.

In the 1997-98 school year, the district purchased 157,600 gallons of diesel and 7,306 gallons of unleaded fuel at an average rate of \$.42 per gallon. The purchase of all fuel is done through a county consortium, which maximizes the district's purchasing power. The district should be commended for its efforts to reduce its fuel costs, which is directly related to the overall efficiency of the unit.

Contracted services for special education students totaled \$233,576, while joint agreement costs totaled \$48,595. Aid-in-lieu of payments totaled \$97,395. The total cost of transportation, including vehicle replacement, was \$2,522,129. Based on the number of miles traveled, the overall cost per mile was \$1.87.

The team commends the district for a well-run transportation unit.

Vehicle Maintenance

The repair facility consists of five heavy duty bays and one wash bay. The garage is well equipped and is kept in an orderly fashion at all times. The facility has ample storage area for parts and tires. As previously mentioned, the district vehicle inventory consists of 133 vehicles, composed of 108 buses, 20 trucks of various sizes, four cars and one backhoe. In general, the program is well run, but there is room for improvements in a few areas.

Staffing

Preventative maintenance and repair of the district-owned vehicles and equipment are done in-house by district mechanics. In 1997-98, staff consisted of one head mechanic, four mechanics and one mechanic helper. In the maintenance chain of command, the head mechanic does not have an assistant to assume his responsibilities in his absence.

District mechanics are required to work a 40-hour week. Based on estimates provided by the head mechanic, each mechanic should be able to produce approximately 1,750 hours of work annually after deductions for vacations, sick leave, training etc.

Vehicle Equivalents (VE)

Vehicle Equivalents is a method to determine the staffing level needed to maintain vehicles. It was developed by the United States Air Force and is recognized by various fleet maintenance consulting firms as one of the best guidelines for analyzing staffing levels. This method determines the average number of hours of maintenance and repairs a vehicle requires and translates those into VE. For example, a passenger vehicle requires approximately 17.5 hours of work per year, while a trash compactor truck may require 136 hours per year, which would be eight times the work hours of a passenger vehicle.

Based on the makeup of the district's fleet, the team calculates that Egg Harbor has a VE of 452 or 7,910 maintenance hours annually. With a 5% reduction for repairs that are sent out, the VE is reduced to 395 or 7515 hours annually.

The VE ratio is determined by using the number of available annual mechanic hours. A full-time mechanic has approximately 1,750 hours available annually. This is determined by reducing 2,080 hours, which are annual hours under a 40-hour week, by the average number of vacation days, holidays and sick days. The available hours are divided by the maintenance requirements for one passenger vehicle to determine the industry standard VE ratio of approximately 100 per mechanic. Based on our calculations, the district's staffing requirement is 4.3 Full-time Employees (FTE) based on its vehicle equivalents. The district's current staffing is at 4.5 FTE, which is appropriate for the district's VE. The industry standard for direct labor hours recorded on work orders is 90%.

Salary Structure

The district's salary structure for the maintenance staff is rather robust when compared to the state's scale for mechanics. A salary comparison follows:

EHT Salary Guideline		State Salary Guidelines	
Mechanic Helper	\$24,405 - \$29,691	Mechanic Helper	\$20,533 - \$27,719
Second Class Mechanic	\$27,171 - \$32,710	Mechanic	\$27,837 - 37,905
First Class Mechanic	\$30,239 - \$51,131	Asst. Crew Supervisor	\$29,278 - \$39,926
Head Mechanic	\$45,602 - \$63,157	Crew Supervisor	\$32,005 - \$43,725
		Garage Supervisor II	\$35,010 - \$47,948
		Garage Supervisor I	\$40,106 – 55,067

The district's salaries, in all categories, far exceed those of the state's. For instance, in 1997-98, the head mechanic, who is responsible for the daily operation of the garage, earned \$51,795 before benefits, and his salary will top out at \$63,157. His current salary is approximately \$53,852. He is responsible for four mechanics, one helper and 133 vehicles. In contrast, a Garage Supervisor I with the state, whose salary tops out at \$55,067, is responsible for one or more head mechanics and the maintenance, fueling and repairs of over 1,500 vehicles.

In order to stay competitive costs must be contained. Escalating salaries and benefits are the prime reasons for the privatization of many public fleet maintenance operations. Keeping these costs under control is critical in maintaining a cost-effective shop. During the 1997-98 school year, mechanics only recorded 4,848 direct hours or 62%, out of a possible 7,875 available hours. At its current costs, based on the hours, the fully burdened labor rate for the garage operation would be \$69.16 per hour. If 90%, the industry standard, of the total available direct hours were recorded on repair orders, the labor rate would drop to \$47.38 per hour, which is below the current local rate of \$50 to \$65 per hour. By not curtailing salary costs, the labor rate will climb and reach a point that will make outside repairs a more cost effective option.

The district should consider adopting the state's staffing guideline for titles and salaries. Under the current staffing levels the district should have one mechanic helper, three mechanics, one assistant crew supervisor and one crew supervisor. Currently, none of the mechanics' salaries exceed the state's top salary for mechanics. This is not the case with the head mechanic. His current salary exceeds the crew supervisor's top salary by \$10,127. The district should consider freezing his salary and only allow for cost of living adjustments. Upon his retirement, his position should be downgraded to a crew supervisor position.

By adopting the state titles and salaries, the mechanics top range would be reduced by \$13,226 and the head mechanics top salary would be reduced by \$19,432 yearly, and at the same time would help to keep its maintenance operation competitive with the private sector. (Note: crew supervisors are the equivalent of a foreman.)

Recommendation:

It is recommended that the district adopt the state staffing guidelines for garage personnel. It is recommended that the district create an assistant foreman position to assume the foreman's responsibilities in his absence. Pay rate should be structured according to the task performed. This will be an added value expense by upgrading to this title.

Value Added Expense: \$1,600

Fleet Management Program

The district had operated a DOS based fleet management program, but does not have a computer configured with the proper hardware to operate it properly. At the time of the review, a new computer was in the office awaiting installation and setup of an upgraded, Window-based version of the same program. The program has a number of excellent features, including bar scan capabilities for parts, fuel management capabilities and tracking mechanic productivity. With the ability to track direct labor hours, the program will allow the head mechanic to gather data on the performance of each mechanic. This will allow him to determine if each mechanic is meeting performance standards if problems exist, and if training is necessary. As shown previously, monitoring labor hours is critical in determining the cost of any operation. It is essential that the head mechanic utilize all of the features in this program to insure his garage is competitive with the local market.

As indicated previously, the district consumes approximately 157,000 of diesel and 7,600 gallons of unleaded fuel. All transactions are manually recorded on a clipboard and then manually entered into a spreadsheet. This type of system is archaic and can be inaccurate. The data is used to help calculate the cost of regular runs daily, sports and field trips, but it cannot be integrated into the fleet maintenance program. At this time, approximately 1½ hours daily are spent gathering and entering this data.

Fueling sites are the most widely used source for data collection in fleet operations. If an automated fuel system was installed, data for each vehicle could be automatically gathered on a daily basis. This data, in conjunction with the district's fleet management program, can provide the director and head mechanic with valuable data necessary for the day-to-day operations of a fleet this size. Currently, the head mechanic has to track and record preventive maintenance data manually. This is a time consuming, tedious and costly task. An automated fuel system would provide the necessary link to initiate an automated preventive maintenance program. An automated program would free him to perform other tasks, thereby, increasing his productivity by 10%.

As previously mentioned, fuel data is manually recorded, requiring approximately 1½ hours daily to record and gather. A system would eliminate the need to manually record this data and increase the accuracy and productivity of the clerk by 15%.

Recommendation:

It is recommended that the district install an automated fuel system. This would increase the productivity of the head mechanic and the clerk.

One-time Value Added Expense: \$30,000
Productivity Enhancement: \$10,202

FOOD SERVICE

According to the Generally Accepted Accounting Principals (GAAP), if a district receives state and/or federal reimbursement for food service costs or collects fees from students for the cost of meals, the entire food service operation activity must be recorded in an enterprise fund. The enterprise fund is an account that is similar to a private business enterprise. The costs of providing goods and services are financed through user charges. According to the Department of Education, enterprise funds are designed and capable of being operated at a profit, thus, allowing reserves to be accumulated to fund capital improvements. The district is losing large amounts of money each year and the team reviewed the food service operation to determine why. In the 1997-98 school year, the district suffered a loss of \$292,444. The losses in the 1995-96 and the 1996-97 school years were 362,660 and \$338,882, respectively. The board has subsidized the program in each of the years the team reviewed. Including board subsidy in the 1998-99 school year in the amount of \$300,000, the food program has cost the district well over \$1M in the past few years.

A review was conducted of the district's food service program. The review included interviews with involved personnel, visits to the school cafeterias, and review and analysis of various documents. The district participates in the National School Lunch Program and the Special Milk Program. The district does not serve breakfast. During the 1997-98 school year, a total of 606,687 meals were served, 377,985 reimbursable meals and 228,702 non-reimbursable meals. Non-reimbursable meals are a la carte items and meals purchased by staff members.

The Egg Harbor Township lunch program has been partially privatized for 11 years and, as per statute, the district solicits bids every three years. The food-service company charges a management fee for services. In addition, the company charges the school district for costs incurred such as salaries, supplies, and food. The district has an unusual arrangement with the food management company, whereby, only the manager and bookkeeper are included in the privatized program. The district employs all other food service personnel.

Each school has its own schedule for lunches. The intermediate, middle and high schools and the Slaybaugh elementary school each have four lunch periods. The Swift school has two lunch periods and the Davenport school has three lunch periods. Each year, the district employs a student from the school's work program to assist in the high school lunch program. A few volunteers are utilized in the district. The district does not employ aides, nor is the teaching staff responsible for any lunch program responsibilities.

The district has two production kitchens. The kitchens are located at the high school and the intermediate school. The intermediate school satellites lunch to the middle school and the three elementary schools. The elementary schools have the capability of heating food in ovens and serving from a steam table.

Food Service Contract

The food service company's administrative charge in the 1997-98 school year was \$26,000. The service management fee was \$13,430 which, according to the contract, was \$.021 per meal including meal equivalents (a la carte items). The total cost of management services for the 1997-98 school year was \$39,430. In many districts the food service proposal includes a projection of revenues and costs with the bid and provides a guarantee of a profit or a guarantee against loss. This would be difficult to accomplish in this instance, as the lunch program was not entirely privatized.

When a district privatizes its entire lunch program, the board may choose the limits of salary and benefits the staff members will retain. The level of benefits will determine the cost of the food service operation. The local employees may be offered positions with the food management company. Employment costs move from the district to the company. Also to be considered is the fact that food management companies guarantee their profit projections. For example, if the district does not achieve the company's projection, the company could deduct the difference from its management fee.

Food Service Staff

The food management company provided a manager and a bookkeeper to the district. The district employed the remaining lunch program staff. The district employed thirty-seven food

service staff members in the 1997-98 school year. The total salary cost for these employees including longevity and extra pay, excluding benefits, was \$565,894. The district provides full health benefits for all staff members who are employed for 20 or more hours per week. In the 1997-98 school year, several staff members were employed at less than 20 hours per week and were not eligible to receive health benefits. The district also provided a longevity benefit to food service staff in the amount of \$352 after 6 years and \$705 after 10 years.

Food service personnel are hired as cafeteria workers, cashiers, assistant cooks, or head cooks. Hourly rates for the district's food service personnel range from \$10.93 for a cafeteria worker to \$17.04 for a head cook. Hours vary from 3.9 hours per day to 8 hours per day. The majority of employees work 4.5 to 6 hours per day. An additional daily stipend is given to employees if they serve in a higher capacity: cashier \$5.38 per day, assistant cook, \$6.46 per day, cook \$7.54 per day.

Lunch Program Meals Vs a la Carte – Pricing Strategies

Students have the option of purchasing a lunch or bringing lunch. Students in the district are not allowed out of the building during their lunch period. During the 1997-98 school year, the students' lunch prices were as follows:

	Lunch Price	Discounted Lunch Price *
Elementary School	\$1.85	\$1.75
Middle School	\$2.00	\$1.90
High School	\$2.25	\$2.15

*A discount is allowed if a student buys a weekly lunch ticket.

The Bureau of Child Nutrition stipulates that a child must select three of five basic food groupings; protein, fruit, vegetable, milk, and bread. Once the lunch meets the state's criteria, the district is eligible for school lunch reimbursements of \$.22 in direct cash and an additional \$.14 in commodities from state and federal agencies for each student-paid lunch. Therefore, each time a paid lunch is sold in an elementary school, the district earns \$2.21 ($\$1.85 + .22 + .14 = \2.21). Middle school lunches earn \$2.36 and high school lunches earn \$2.51. According to the CAFR, the district had daily sales of \$694,577 for the 1997-98 school year.

The food service program also allows students to purchase items from an a la carte menu. In the 1997-98 school year, the district had \$252,720 in a la carte sales. In order to take advantage of state and federal reimbursements under the lunch package, the district should price items to encourage students to buy government-funded lunches. One such strategy would be to price a three-item meal higher than the lunch meal so that a complete lunch purchase would be a better value. For example, a hamburger and a half-pint of milk currently costs \$2 and meets the qualifications of a government funded meal (meat, bread, and milk). Increasing the a la carte cost of the hamburger and milk purchase in the intermediate school and high school so the price is equal to or greater than the government-funded lunch would make the funded lunch a better value. Therefore, the district should increase the price of a la carte items to encourage students to purchase the approved lunch meals. For each student migration from a la carte to a funded meal, the district will gain .22 in direct cash per meal. The district should carefully analyze

profit margins on a la carte menus to insure they are not losing money as a result of the price restructuring. A general guideline to determine pricing should be 2.5 times the cost of the product.

The team conducted a cost analysis for the district. The following table illustrates the district's expenses versus the income and its comparison with the New Jersey market:

Cost Versus Income				
	Expenses 1997-98	District Rate	Market Rate	Over (Under) Market
Payroll	904,340	61.6%	40% to 45%	16.6% to 21.6%
Food Costs	501,096	34.1%	39% to 45%	(4.9% to -10.9)
Supplies & Materials	57,716	3.9%	4% to 5%	(-.1% to -1.1%)
Miscellaneous	4,475	0.3%	1/2% to .2%	(-.1% to .2.1%)
Total Expenses	1,467,627	100.0%		
Total Income	1,175,183			

The district's payroll expenses exceed the New Jersey market rate. Also, the district exceeds the state's average food service expenditure for an operating type K-12 district. In the 1997-98 school year, the state's average cost per pupil in this category was \$25. The district's 1997-98 per pupil cost was \$61.

The following table illustrates the actual profit and loss for the food service program, according to the Comprehensive Annual Financial Report (CAFR) for the 1997-98 and the 1996-97 school year:

	1997-98	1996-97
Operating Revenues:		
Daily Sales-Reimbursable	694,577	690,203
Daily Sales Non-Reimbursable-Special Functions	13,319	20,792
Total Operating Revenue	707,896	710,995
Non-Operating Revenues:		
State School Lunch Program	25,145	26,766
National School Lunch Program	333,320	326,169
USDA Commodities	67,282	71,520
Special Milk Program	6,528	6,883
Other Income	15,692	3,837
Miscellaneous	11,346	3,701
Interest	7,974	2,472
Total Non-Operating Revenues	467,287	441,348
Total Income	1,175,183	1,152,343
Expenses:		
Food (Cost of Sales)	501,096	497,354
Salaries	616,998	582,820
Employee Benefits	247,912	299,741
Supplies	57,716	70,674
Management/Administrative	39,430	38,636
Audit Fee	4,475	2,000
Total Operating Expenses	1,467,627	1,491,225
Net income	-292,444	-338,882

Recommendations:

By raising the a la carte priced meal by 30 cents, the district will realize approximately \$37,900.

Cost Savings: \$37,900

It is recommended that the district eliminate discounted weekly meal prices until such time that the district realizes a profit in the lunch program. At the time of the review, no records were maintained as to the number of discounted lunches sold. Therefore, the team could not determine if the use of discounted lunch prices resulted in increased lunch sales.

LGBR recommends that the board privatize its entire food service operation. When a program such as this is privatized, the board may chose the limits of salary and benefits it wishes to give to the staff members. Local employees are offered positions with the food management company. Salaries at a lower hourly rate, consistent with comparable positions in the New Jersey Department of Labor Occupational Employment Survey (OES) wage survey would produce a savings of \$178,662.

Cost Savings: \$178,662

Enterprise Program

During the 1999-00 school year, Egg Harbor Township installed a computerized school food service system. At a cost of \$93,523 including hardware, software and training, the point of sale system will allow the district to generate sales reports, reimbursement reports, account balances and perform edit checks for USDA claims. In addition, free and reduced meal classifications are internally controlled, maintaining the privacy of the student. The team has found the stigma associated with receiving free or reduced meals effects a parent's willingness to enroll children in the program. Students are issued a student identification smart card, which the cashier will swipe on the register. The register's monitor will return a photo ID of the recipient for security and identification. Parents will also have the ability to pre-pay lunch up to one year in advance.

The team found the district's choice of software extremely efficient. The software will access the district's main student database software for all participant information and will process free and reduced applications. It automatically deducts materials based on recipe and menu, performs bid evaluation and procurement, central warehouse analysis, consolidated inventory tracking management and requisition, vending machine interfacing, central point of sale reporting for multiple school environments, report writing and forecasting. The program will also perform detailed analysis on time-keeping and personnel management, which is currently a significant expense for the district.

The LGBR team commends the district for implementing technology into the food service program.

Contract recommendations regarding the food service program will be addressed in the Collective Bargaining Section.

BOARD OF EDUCATION

Board Expenses

Board expense records over the last three years were examined. The board's travel and miscellaneous expense accounts indicated that the major expense was the required dues for New Jersey School Boards' Association. In the 1997-98 school year, the district's payment to the New Jersey School Boards' Association was \$23,396. The remaining expenditures have been kept to a minimum and have been consistent during the past three years. According to the district's records, the board expense accounts for the past three years were \$31,610 in the 1995-96 school year, \$29,366 in the 1996-97, and \$27,862 in the 1997-98 school year. The board included its subsidy for the Key Club trip in this account (\$5,100 in the 1996-97 school year and \$3,500 in the 1997-98 school year).

Board members do not have credit cards or cellular telephones. Board members were reimbursed for costs related to attendance at conferences and workshops and state mandated board member orientation. Board members have recently ceased to attend the annual state conference or the national conference. The business administrator, assistant business

administrator, and director of accounting have been attending state conferences and county meetings and are reimbursed for related costs. The review of board expenses found these expenditures to be reasonable and administered properly.

Recommendation:

LGBR recommends that the board of education establish a policy concerning board members expenses. Although the board's records indicate no excessive expenditures relating to workshops, it is good practice to have policy indicating the maximum allowable amounts for lodging, food, and other expenses. The policy should include a provision for board members to reimburse the board for any expenditure made for personal matters or those that exceed the board-established limits.

Legal Fees

The team reviewed the district's legal expenses. The district had a contract for several years with an attorney to perform legal services, including attending board meetings and handling litigation when required. The fee for this attorney in the 1997-98 school year was \$75 per hour plus travel time outside Atlantic County. Also, another firm was contracted as the district's labor relations counsel. Due to illness of the board's legal counsel, the labor counselor became the board's attorney. The board has a formal contract with its current legal firm. The board's attorney was compensated at the rate of \$90 to \$100 per hour, with no retainer. The total legal expense was \$76,128 in the 1997-98 school year and \$45,927 in the 1996-97 school year. The majority of legal fees were for telephone conferences, bid evaluations and review, attendance at board meetings, student issues, and labor relations. Included in the board's legal costs are legal expenses of attorneys defending staff members.

A comparative review of legal fees charged to other districts including Lacey Township, Monroe Township, and Deptford indicated that Egg Harbor Township was paying comparable fees per hour for legal services in the 1997-98 school year. However, the district entered a new contract with its legal counsel for the 1998-99 school year. The firm's hourly rate increased to \$100-\$110 from July through December and again increased to \$105-\$115 from January through June. This increase of \$90 to \$105 per hour is a 15% increase within one year.

Recommendations:

LGBR recommends that the district survey other school districts in the area to determine that the hourly rate remains within the median range.

LGBR recommends that the district enter into a one-year contract from July 1 through June 30 at one hourly rate.

Although RFP's are not required for professional contracts, such a practice is encouraged in order to keep fees competitive.

III. COLLECTIVE BARGAINING ISSUES

An area that frequently presents significant opportunities for savings is negotiated contracts. While they represent opportunities for savings, the savings and contract improvements are most likely to occur incrementally through a well-conceived process of redeveloping compensation packages to be equitable and comprehensive. For this reason, we present those issues subject to collective bargaining agreements separately in this section.

STAFF CONTRACTS

Central Office Administration

Upon review of the agreement between the Egg Harbor Township Board of Education and the Egg Harbor Township School District Central Office Administrators that expired on June 30, 1997, the team recommends that the board of education address and renegotiate several provisions of the contract.

Under Article IV, Vacation and Other Benefits, the administrators are entitled to carryover unused vacation days into the following year. In addition, all unused vacation days may be cashed out upon the termination of employment at the administrator's current per diem rate. The purpose of vacation time is to provide time away from work for rest and relaxation. Vacation time is not to be used as a means to increase compensation. The compensation for unused vacation should be reviewed and capped.

In Article VII, Salaries and Benefits, central office administrators covered by the contract are compensated for longevity and training levels. It is recommended by the team that the board of education negotiate a true base salary for senior level administrators that does not contain additional financial incentives for longevity, degrees, etc. This will enable the board and the public to ascertain the salaries of the administrators more easily.

Also listed in Article VII is the benefit of payment of all unused sick days accumulated at the administrator's per diem salary in effect at the time of retirement. At the present time the district has a liability for two administrators of \$130,777 and \$144,940.

A third item in Article VII that should be reviewed for renegotiation is the reimbursement to two central office administrators for pension payments. This particular cost to the district continues to increase with salary increases. In addition, to the district paying the pension cost for each administrator, the state also pays a portion. Thus, the entire cost of the pension is borne by the state and the district without any payment by the individual in the plan. The norm for members of TPAF is for each individual to pay his/her own pension contribution.

In December, 1998 the State of New Jersey Commission of Investigation released a document entitled Pension and Benefit Abuses which highlighted benefits that were found to be excessive, or not the norm. The board of education should review this document to assist in the development of future negotiation strategies.

Recommendations:

It is recommended that, in future negotiations, the board require administrators to work during the traditional breaks at holiday and spring break or use vacation time during these periods. It is also recommended that a limit be placed on accumulated vacation days and, that the board cap the liability at present levels.

It is also recommended that, in future negotiations, the board of education eliminate reimbursing the administrators for pension payments. It should be noted that the state already pays a portion of pension costs.

Potential Cost Savings: \$8,072

The team recommends that the board, in future negotiations, cap the amount of payment for sick leave at present levels. The district is extremely generous in paying for all unused sick leave at the per diem salary in effect at the time of retirement. The benefit is greater than the \$15,000 allowed state employees for unused sick leave and well above the norm in school districts.

Potential Cost Savings: \$11,330

Principals' and Supervisors' Association

The agreement between the Egg Harbor Township Board of Education and the Principals' and Supervisors' Association expired on June 30, 1998. The agreement was for three years. Although we are told that a successor agreement has been negotiated, it had not been ratified at the time of this writing. Thus, all comments and/or recommendations will be as per the last agreement that covered June 1, 1995 through June 30, 1998.

Under Article VI-B (Administrator's Salaries/Economic Fringe Benefits) all twelve-month administrators are eligible to receive 10 to 20 days vacation, depending on the number of years of employment. The 12-month employees, under this article, also are entitled to the school calendar, as well as, holidays recognized by the board of education. The school calendar entitlement adds at least two weeks of vacation time to each administrator covered by the agreement. In the event of an emergency, the superintendent may approve the carry-over of 10 unused vacation days to be taken in the next fiscal year. There is no mention in the agreement if this can be rolled over or if it is lost after the next fiscal year. The team believes that the board of education should review vacation leave benefits and the generous entitlement of having the traditional school breaks of Christmas and spring break.

Also listed in Article VI-B is the payment for unused sick days an administrator receives when retiring from the district. The terminal payment is computed by multiplying 60% of the number of unused sick days accumulated by the administrator's daily salary in effect at the time of retirement. The review team recommends that this benefit be "capped." The team recommends that the liability for used sick leave payments be reduced through negotiations.

Recommendations:

It is recommended that, in future negotiations, the board require administrators to work during the traditional break at Christmas and spring break or use vacation time during these periods. This will increase productivity and allow time for administrators to complete long and short-range curriculum initiatives, as well as, addressing other responsibilities.

The team also recommends that the board, in future negotiations, "cap" the amount of payment for sick leave at present levels. The district is very generous in paying for sick leave at the current levels. At present levels of payment, the district's benefit is greater than the \$15,000 allowed state employees for unused sick leave and, above the norm of school districts throughout the state.

Potential Cost Savings: \$41,145

Supportive Staff Service Personnel (July 1, 1996 – June 30, 1998)

The Supportive Staff Service Personnel contract represents custodians, grounds, maintenance, and cafeteria personnel. The contract was ratified on August 25, 1997, a year after the previous contract expired. Retroactive salaries were paid. It appears that a completely new contract was not printed. The district provided the team with a letter from the negotiator listing modifications and new salary guides to the 1994-96 contract. The board was negotiating a new contract while the review was in progress. It is recommended that the board of education address various provisions of the contract.

Article 7 addresses overtime, which is defined “as any time spent at regular duties or other assigned duties, consistent with this agreement, either before/after regular daily work hours; or any day other than provided in the regular work year.” It was found that lunchroom staff members were given overtime after their usual hours, anywhere from 4½ hours to 8 hours. Overtime should not be given in such a generous manner. According to the New Jersey Department of Labor, overtime does not have to be paid at time and a half until eight hours are worked in a day and forty hours within a week. The total cafeteria staff overtime hours and dollars were not separated from extra pay on the payroll records; therefore, the team was unable to determine the potential savings. The payroll records did itemize overtime pay for custodians at \$48,032.

Recommendations:

LGBR recommends that overtime benefit be eliminated for any personnel who work less than an 8-hour workday, 40 hours per week.

LGBR recommends that custodial schedules be reviewed in order to decrease the overtime hours being charged. A flexible schedule could be instituted in order to facilitate the elimination of this cost.

Potential Cost Savings: \$48,032

Article 8, Work Schedule, addresses the custodial and maintenance employees' work schedule. These employees work eight hours per day exclusive of a 30-minute lunch period. Those employees working between 6 p.m. and 6 a.m. shall receive a salary differential of forty-seven cents for each hour of work. The payroll records do not itemize the differential cost; therefore, the team was unable to determine the potential savings.

Generally, food service personnel work 20 hours or more. The last three employees were hired at a 19½ hour week. By decreasing the hours below 20 hours per week, the district is not required to cover these employees with health benefits.

Recommendation:

The second shift pay differential issue should be a matter for future negotiations. LGBR recommends that shift assignment be a condition of employment. The work and number of hours worked are the same as the day shift and should not require additional compensation.

Article 11A addresses salaries. In the 1997-98 school year, total wages paid to food service personnel totaled \$565,894. This includes base salary, longevity, and additional pay when acting in other capacities, and overtime. The team calculated salaries using the Department of Labor Occupational Employment Statistics (OES) 1997 Wage Survey data. The survey indicated lower hourly rates than the district's salaries. Food service staff hourly rates ranged from \$10.93 to \$17.04. In addition to the salary, cafeteria workers received additional per diem pay for the following duties: cashier \$5.38, assistant cook \$6.46, cook \$7.54. Also, any cafeteria staff member, who does cashing in certain schools, receive an additional \$136 per year.

Recommendation:

LGBR recommends that the board privatize its entire food service operation. If the board continues to retain lunchroom staff in its employ, LGBR recommends that the salaries of existing employees be frozen and a new salary guide be negotiated with lower hourly rates for new employees, more comparable to the New Jersey Department of Labor OES Wage Survey Data.

(See Cost Savings in Food Service section.)

Article 11C addresses unused sick days upon retirement. Employees retiring from the district having at least 50 unused sick leave days shall be paid for 60% of their unused sick days at Step 1 of the employee's salary guide in effect of the time of retirement. Cafeteria employees hired prior to April 6, 1993, having at least fifty unused sick days, shall be paid for 60% of their unused sick days at 83% of their per diem rate in effect at the time of retirement. Employees hired after April 6, 1993 shall be paid 50% of their unused sick days at the "cafeteria worker" rate at the time of retirement. There is no maximum dollar limit.

Recommendation:

LGBR recommends that the district negotiate a maximum dollar limit on benefits derived from unused sick leave.

Longevity

Article 11 addresses longevity. In this contract year, cafeteria employees received longevity payments of \$352 after six years. After ten years, all employees represented in this contract received longevity payments of \$705. The team found that the negotiator's letter detailing the modifications indicated that longevity payments were increased to additional stipend of \$728. The district reported that the longevity payment paid to the employees was \$705.

Recommendation:

LGBR does not support the concept of longevity payments. In the 1997-98 school year, cafeteria employees received \$23,615 in longevity payments and custodians, grounds and maintenance staff received \$7,755 in longevity payments. If the board continues to retain the lunchroom staff in its employ, LGBR recommends that the board negotiate the elimination of longevity for cafeteria employees as well as other staff members recognized under this contract.

Potential Cost Savings: \$31,370

A black seal license is required by the Department of Labor (N.J.S.A. 34:7-1) to monitor a low-pressure boiler system when it is in operation. Whenever a public building is occupied and a low-pressure boiler is in service, a person holding this license must be on duty. Custodians holding a Black Seal License are paid an additional stipend of \$728 annually. Only one custodian held a black seal license in the 1997-98 school year. The district reported that the following year several custodians were sent to classes to obtain their license. The cost of having at least one holder of a black seal license in each of the district's six schools would be \$4,368.

Recommendations:

Possession of a Black Seal License should be a condition of employment. LGBR recommends that additional employee compensation should not be given for holding this license.

Potential Cost Savings: \$4,368

The complete printed 1996-1998 negotiated agreement did not exist. A written agreement defines salaries and benefits and protects the parties represented. The agreement should be available to both the board and the employees. LGBR recommends that when a contract is settled a complete copy should be printed and issued after ratification.

EHT Education Association (July 1, 1996 – June 30, 1999)

The team reviewed the agreement for the 1996-97 through the 1998-99 school years between the Egg Harbor Township Board of Education and the Egg Harbor Township Education Association.

This contract represents the districts certified personnel, excluding the superintendent, full-time principals, assistant principals, school psychologists, and supervisors.

Articles VI and VII detail the certified personnel's work year, hours of employment and teaching load. The majority of the certified staff members are employed on a 10-month basis. Several staff members worked additional days during the summer months and were paid over a 12-month period. The workday is seven hours, consisting of five teaching periods, one duty period, one preparation period, one duty free lunch period and a homeroom assignment. If a teacher is assigned a sixth teaching period, the teacher shall be relieved of duty assignments.

Article X, Salaries, provides that the certified staff may elect to have 10% of their monthly salary deducted from their pay. These funds are placed into an interest-bearing account in each employee's name and paid to the employee in July. In addition, all employees may have monies deducted from their paychecks and deposited in a credit union.

Recommendation:

In future negotiations the district should consider eliminating the monthly deduction for summer pay. This benefit requires the district to set up this deduction each year and make monthly deposits on behalf of the employees. Use of the credit union to deposit and withdraw needed funds throughout the year would be a more desirable, time saving measure for the district.

Article X, Salaries, stipulates that a teacher shall receive a payment for their unused sick days at a rate of 50% of the daily rate of the current year's business administrator's step 1 salary. In the 1997-98 school year, records indicated there were four retirees who received payment for unused sick days in excess of \$10,000 each; three were over \$15,000. The State of New Jersey caps the payment of unused sick days upon retirement at \$15,000.

Recommendation:

LGBR recommends that the district cap payment of unused sick days upon retirement at the State of New Jersey maximum of \$15,000, or less.

Potential Cost Savings: \$20,876

Article X provides that a staff member receives a longevity payment of \$3,500 each year after 20 years of service. An additional \$1,650 is added to their pensionable salary after 25 years of service. In the 1997-98 school year, 55 education association members received \$3,500 and 61 received \$5,150 in longevity payments. Also, several members received an additional \$100 longevity payment that was in effect in previous years.

Recommendation:

LGBR does not support the concept of longevity payments. The education association members' movement on the guide provides for annual increases for each year of service. It is recommended that the board negotiate the elimination of longevity in future negotiations and include these increases in the salary guide.

Educational Secretaries and Instructional Aides (July 1, 1996 – June 30, 1999)

Educational secretaries are employed on a 12-month basis and work no more than eight hours per day, including a one-hour duty-free lunch. Instructional aides are employed for 184 days and are required to work seven hours per day with a duty-free lunch period. Vacation provisions for educational secretaries are two weeks after one year of service, three weeks after six years of service, and four weeks after twelve years of service.

The contract details longevity payments that are given on the anniversary date of the employee's employment. As an employee reaches the next level, the additional longevity is added to the previous, as follows:

Secretaries:

Beginning of 15 th year of employment	\$785
Beginning of 18 th year of employment	\$393 = \$1,178
Beginning of 20 th year of employment	\$393 = \$1,571
Beginning of 25 th year of employment	\$473 = \$2,044

Instructional Aides:

Beginning of 12 th year of employment	\$785
Beginning of 15 th year of employment	\$393 = \$1,178
Beginning of 17 th year of employment	\$393 = \$1,571
Beginning of 22 nd year of employment	\$473 = \$2,044

Longevity is paid on the anniversary date of employment. When an employee reaches the year that they are eligible for longevity, payment begins in the month of the date of hire and is prorated. This results in the payroll clerk continuously reviewing dates of employment and setting up the additional payment. In addition, the pension reports are in need of updating as longevity begins or is increased. If the district continues the payment of longevity, the district should negotiate that the payment of longevity be given only at the beginning of the school year to eliminate the time-consuming method currently being used. Again, LGBR does not support the concept of longevity.

Recommendation:

LGBR does not support the concept of longevity as salaries are increased through annual movement on the salary guides. It is recommended that the district eliminate longevity payments.

Sick leave upon retirement is reimbursed at a rate of the current step one of the salary guide multiplied by 60% of the unused sick days accumulated for employees having at least fifty unused sick days. No limits are stipulated in the salary guide.

Recommendation:

A limit to the amount of reimbursement of unused sick days upon retirement should be specified in the contract. The payment should be no higher than the State of New Jersey maximum of \$15,000 for payment of unused sick leave or less.

NOTE: Since the review was formulated, the district completed negotiations and several modifications were made. The district is to be commended for specifying a maximum payment for unused sick days upon retirement of new employees. However, several existing employees will still be eligible to receive a generous payment for unused sick days upon retirement.

Negotiations – Health Insurance

As indicated in this report, the Egg Harbor Township District is a participant in the New Jersey State Health Benefits Program. The health plan is provided by the board of education at no cost to the employees. Many private companies are charging employees a portion of health care costs because of the large increases seen in insured health care costs. This has not been the case with public employees. In order to contain costs and induce employees to make individual economical decisions on health benefit choices, the district could negotiate charging a portion of other-than-single coverage to the employee.

The state statute does allow an employee-premium cost-sharing program. If the district negotiated an employee premium co-pay of 20% of dependent's cost, an annual decrease in cost of \$221,000 could be realized, based on 1998-99 rates. (LGBR utilizes current year costs for health benefits, rather than the study year costs, due to the volatile nature of pricing in the health insurance market place.)

Dental and Prescription Insurance

The district, at no cost to the employees, provides dental and prescription benefits. As indicated earlier in this report, in reviewing old district policies, it was found that the district previously had a cap on the board share of the prescription premium.

The district's annual premium cost for the dental program in the 1998-99 school year will be approximately \$418,000 and the prescription program approximately \$694,000.

Recommendations:

LGBR recommends that the district negotiate co-pay of 20% of dependent coverage to realize a saving in its health insurance premium.

Potential Cost Savings: \$221,000

LGBR recommends the district negotiate co-pay of 50% to realize a saving in its dental insurance premium.

Potential Cost Savings: \$209,000

LGBR recommends the district negotiate co-pay of 20% of dependent coverage to realize a saving in its prescription insurance premium.

Potential Cost Savings: \$76,237

IV. SHARED SERVICES

Tremendous potential for cost savings and operational efficiencies exists through the implementation of shared, cooperative services between local government entities. In every review, Local Government Budget Review strives to identify and quantify the existing and potential efficiencies available through the collaborative efforts of local officials in service delivery in an effort to highlight shared services already in place and opportunities for their implementation.

Deaf Education

Egg Harbor Township employs a full-time deaf education teacher. In the past few years, the district's deaf and hard of hearing population declined. The district now contracts with Upper Township School District to provide instruction on a part-time basis. Each year, the amount of time needed outside the district is determined and Upper Township is billed a portion of the teacher's contract along with an equal percentage of benefits. In the 1998-99 school year, the teacher's contracted salary is \$44,350. Upper Township pays one-half of the salary and one-half of the employee's benefits.

Purchasing – Copy Paper

Egg Harbor Township has had a joint purchasing agreement with another board of education for the purchase of copy paper for the past several years.

Purchasing - Gasoline

The district purchases diesel and unleaded fuel through a county consortium. This shared service maximizes the district's purchasing power.

Nonpublic Auxiliary and Handicapped Services

Nonpublic auxiliary and handicapped services are provided by Gloucester County Special Education Services School District. Services included compensatory education, English as a second language, supplemental and speech instruction, child study team evaluations and transportation. The district enjoys the advantage of lower educational costs through this cooperative program.

Rubbish Pickup

The district performed a study of its rubbish pickup costs. The district saved approximately \$10,000 when it entered into an interlocal agreement with Egg Harbor Township to remove rubbish from its schools.

ACT Transition Network

The Egg Harbor Township School District established a consortium involving twenty-six schools from Cape May, Cumberland, and Atlantic Counties to provide a network to bridge the gap between school to work needs of "at risk" secondary students and the employer needs of public service and private industry. One of the projects discussed in the Best Practices section involves the custom-made entrepreneurial carts used to sell coffee, bagels, flowers, school supplies and snacks. Donated funds to this program fund the materials to build the carts. Among the many

services this program provides to students is casino job shadowing. High school seniors follow employees within the industry to enable them to become familiar with tasks associated with a particular occupation. This program enables these students to enter jobs with some knowledge of the responsibilities of the position.

The district should make a determined effort to explore possibilities of additional shared services with the community officials, as well as, neighboring school districts in an effort to attain cost savings opportunities wherever possible.

In addition to savings to be realized by joining services, there are two new state programs designed to encourage and reward local governmental units and their taxpayers for regionalizing, sharing and joining services with other units of local government. The Regional Efficiency Development Incentive Act (REDI) provides funds to local units to study the feasibility of joining services. The second program, Regional Efficiency Assistance Program (REAP), provides direct tax relief for any local government regional service agreement signed after July 1, 1997. These programs are administered by the New Jersey Department of Community Affairs (DCA), Division of Local Government Services. The city is encouraged to contact DCA for additional information.

LOCAL GOVERNMENT BUDGET REVIEW ACKNOWLEDGMENTS

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